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REFORM AND REVOLUTION

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2

THE EDITORS

THE AGE OF IMPERIALISM

HARRY MAGDOFF

Social Changes in Albania

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NOTES FROM THE EDITORS

Harry Magdoff's article in this issue ("The Age of Imperialism" beginning on page 11) is the longest ever published in a regular issue of MR, and even so it is only the first of two parts. The reason for this departure from MR's established editorial norms is the reaction of readers to Harry Magdoff's earlier article on imperialism ("Economic Aspects of U.S. Imperialism," November, 1966). This was also considerably longer than average and was packed with facts and figures. That it filled a deeply felt need became immediately apparent in the increased demand for that issue and in the comments of readers. We soon reprinted it as a 32-page pamphlet, and in this form it has circulated widely and been used extensively in a variety of college and university courses. The article which begins in this issue reports further on the author's researches on imperialism and will, we are confident, meet with the same enthusiastic response as the earlier one. Knowledge of imperialism—on both theoretical and empirical levels—is crucially important to the development of the left movement in this country, and for this reason we urge all readers to make maximum use of Harry Magdoff's reports. For his part, he asks us to say that he will welcome all comments and questions from readers, especially

(continued on inside back cover)

REFORM AND REVOLUTION

The most difficult problem of revolutionary movements is to reconcile the needs and demands of the oppressed for immediate improvements with the necessity of radically transforming the whole system in order to do away with their oppression—in other words, how to reconcile reform with revolution.

Marx and Engels propounded a general formula in the *Communist Manifesto*: "The Communists fight for the attainment of the immediate aims, for the enforcement of the momentary interests of the working class; but in the movement of the present, they also represent and take care of the future of that movement." Experience has shown, however, that it is one thing to proclaim this as a principle and quite another to put it into political practice. By far the majority of the political parties which have started out with revolutionary goals during the last century have ended up in practice as purely reformist organizations. This was true even before the end of the 19th century of the parties which are commonly referred to as Social Democratic; and in recent years it has become no less characteristic of the Moscow-oriented Communist parties.

But recognizing the dangers of reformism has not conferred any guarantees of success: more often it has led to a kind of sterile sectarianism, preaching revolutionary doctrines which fall on deaf ears because they seem irrelevant to the real lives of the oppressed. Few indeed have been the parties which have successfully steered a course between the Scylla of reformism and the Charybdis of sectarianism.

And yet the dismal record of achievement of both reformists and sectarians proves that this is and will remain the crucial problem for revolutionaries to solve—how to conduct the day-to-day struggle in such a way as to strengthen rather than weaken the revolutionary will and potential of the mass movement.

In the United States today, to be sure, this problem cannot yet be tackled, let alone solved, by white revolutionaries for the simple reason that a mass movement with a revolutionary will or potential simply does not exist among whites, nor can one be created as long as the white working class—using the term in its broadest sense to include all who live from working rather than from owning—takes the present capitalist system for granted and cannot even conceive of the possibility of an alternative. As long as this situation exists, the work of white revolutionaries is of necessity essentially propagandistic and educational rather than political (in the sense of being concerned with the problem of power). And it must be emphasized that this is true whether this work takes the form of writing and teaching in the traditional way or of militant activism. What has to be accomplished *at this stage of United States history* is to transform people's consciousness in two fundamental respects: they must become convinced that the capitalist system is rotten and criminal, and that a better system is both conceivable and possible. At some point quantity will turn into quality and a real revolutionary movement will be born. (To say this is of course not to denigrate the importance of propagandistic and educational work, whatever form it may take. Revolutionary movements do not come into the world fully formed, like Athena from the head of Zeus: they are preceded by a preparatory period which by its nature determines the significance of both word and deed.)

The condition of black America is very different. There a mass movement with revolutionary will and potential certainly does exist. It can even be said that if the consciousness of whites were at the same level as that of blacks, the country would already be in a revolutionary situation. But because they constitute what is essentially an internal colony, ruled and super-exploited by the white capitalist power structure, the blacks cannot make a revolution now or in the foreseeable future; and their liberation is ineluctably bound up with the development of a black-white revolutionary alliance.

This situation confronts black revolutionary leaders with the classical dilemma: how can they conduct a day-to-day struggle for the interests of the black masses without losing sight

of the revolutionary goal and without failing in their responsibility to build an ever more powerful revolutionary movement against the still-distant day of decisive action? The dangers are obvious. Giving priority to immediate reforms can lead straight into the mire of capitalist politics where principles have no place and everything has its price. On the other hand, insisting on revolutionary purity can lead to isolation and irrelevance. It seems that what is needed is a program directed toward an intermediate goal which both rejects the existing social order and at the same time is attainable without overthrowing it. Is such a program possible, or is the very idea a contradiction in terms?

It is here that the ideologies of black nationalism and black power acquire a special importance. Do they define, or can they be interpreted to define, a program and a goal of the kind that is needed? This is a problem of revolutionary theory and strategy which, so far as we know, has not received the attention it deserves. In what follows we try to put forward some of the relevant considerations without in any way presuming they reach definitive conclusions.

To begin with it will be useful to reproduce a memorandum recently sent us by a friend. (Since the purpose was not publication but simply to serve as a basis for discussion, we omit the author's name.) The subject of the memorandum is the feasibility of possible alternative programs which might be adopted by the black liberation movement. Here it is:

I start with two assumptions: first, that the economic, political, and cultural goals of the black liberation movement cannot be met within the capitalist United States today; and second, that nonviolence as a strategy for attaining revolutionary goals is dead and that only the threat (and occasional acts) of massive destruction of the crucial urban centers of the economy will compel the United States ruling class to make meaningful concessions.

Given these assumptions, it seems that a fundamental weakness of the embryonic black revolutionary movement is the lack of a viable long-range goal as a unifying force underlying specific actions. A revolutionary movement in a colonial situation—the conception underlying the SNCC-Black Panther world view—must have such a goal both to rally its masses and ultimately as a basis for negotiating with its adversaries.

The obvious stumbling block in this country is the minority position of blacks. This prevents the raising of the historical rallying cry of colonial peoples which serves to unite all sections of the population: "Get out of our country!" As a substitute, the United States black revolutionary movement appears to have considered two possible goals, both variants on black separatism. The first is the demand for a separate black nation in the United States, to be carved out of several states in the South. The second is the demand for black power at the local level, involving black control over separate black communities, particularly the urban ghettos.

The first goal has one great virtue but several weaknesses. The virtue is the unifying power of the national ideal which promises enormous cultural and psychological advantages by allowing a complete withdrawal from the hopelessly racist white society. One weakness is that it would impose such a staggering economic, political, and social upheaval on the white society in the form of complete withdrawal from several states as to be resisted by the latter to the death. A second is that since most blacks are by now urban and to a large extent non-Southern, and since this trend is still continuing, it demands a radical change for these blacks which probably would have little appeal for them. Finally, and related, the largely rural area which might be carved out of the Southern states would be economically non-viable and at best would condemn the new black nation to underdeveloped neo-colonial status.

The second goal, black control over separate communities, would be more attainable and probably more popular with black people; but it would lack the unifying power of a national goal. In addition, since the black ghettos are fundamentally the residence of masses of cheap black labor which work outside the ghetto, these communities would lack a viable productive base: the ghetto residents would remain economically dependent on the outside white society.

The question I would like to raise is whether it might not be possible to approach the fundamentally sound ultimate goal of a separate black nation by combining elements of the other two goals. Specifically, the ultimate goal might be a sovereign black nation consisting of a confederation of all the black ghettos (to be physically expanded and changed as discussed below) and majority black rural areas. This confederation would have all the rights of a sovereign nation, in particular armed forces and internal economic control. Before its formation, the white ruling class would be required to transform each ghetto, both by building new housing, schools, etc., and by providing sufficient factories to make the confederation as a whole economically viable (including access to transportation and communication between its components).

Further, to allow for future growth of the confederation the white slum areas contiguous to the black ghettos would be torn down and turned over to the confederation. The poor and lower middle class whites now living in these areas would be relocated in new communities in the suburbs. Since this is demonstrably what these whites want anyway, an important advantage of this plan is that it would generate important white support.

Let me conclude by anticipating some of the more obvious objections which could be raised to this program, particularly by white radicals. The thrust of these, I believe, would be that the program is in theory undesirable and in practice unattainable and/or unworkable.

On the first score it will be argued that the separatist approach is racist and in opposition to the traditional radical goals of working-class unity ("Black and White, Unite and Fight"). Furthermore, it would divide the United States radical movement and remove its presently most revolutionary force. My answer would be as follows: First, racism is so pervasive and deeply entrenched in white society, and is viewed or experienced at many levels by the white working class as beneficial, that it will probably take generations to eradicate. Meanwhile white radicals have no moral right to ask blacks to wait for the far-off day of white redemption. The precise analogue here again is the colonial situation: for a revolution in an underdeveloped country to be successful it has to fight against all segments of the ruling metropolis and to get rid of all traces of its oppressive economic, political, social, cultural, and psychological influence. Second, as far as dividing the radical movement and removing its most advanced element are concerned, white radicals have no right to ride on the backs of blacks: they have to do their own thing. An analogue here might be that the Vietnamese have no responsibility to refrain from throwing the United States out of their country because one consequence might be the collapse of the American peace movement. Finally, one can argue that the strongest impetus to a white revolutionary movement would be the success of another revolutionary movement within the same borders—particularly if, as suggested, the achievement of black revolutionary goals would offer immediate positive benefits to lower-class whites. Some day, when whites have cleaned their own stables, the two races can unite here, just as when the world becomes really civilized national boundaries will fall away.

The last question is that of practicability. Taking the easiest part first, is such a confederation technically workable? I think the answer is yes. Clearly black people have all the native abilities and most of the skills such that with capital and technology they could run a successful society. The traditional Leninist concept

of a nation's need for territorial contiguity has I think been partly undercut by technological developments. Radio and TV communications are independent of land connections, and so is air transport to some degree. It is true that unless each revitalized ghetto were self-sufficient, which would clearly be impossible, the white nation would have to provide or sell transport services. But such arrangements are possible, as is evidenced by the viability of Pakistan whose two parts are separated by thousands of miles of Indian territory.

But the most crucial objection to the plan is not technical but political, that it is unattainable because the white ruling class would never allow it. Here the answer is far from clear to me, but I do not think it can be said to be definitively negative. It depends on the alternatives facing the white ruling class, which by and large could be expected to choose among those available by the tried-and-true yardstick of maximum pecuniary gain or minimum loss. Faced with a mass black revolutionary movement next door to or actually straddling the economic guts of the country and prepared to tear them out to gain its freedom, the white ruling class might find this separatist program cheaper.

I do not pretend to have answers to all these questions. And it has been said, quite rightly, that only the black revolutionary movement can define its own goals based on its own experiences. Still we all have a vital interest in the outcome, and I think this gives us not only the right but the responsibility to contribute what ideas we can to a discussion which is certain to go on for a long time before it reaches any final conclusions.

We accept the initial assumptions of this memorandum: black liberation cannot be achieved within the capitalist United States; the strategy of nonviolence is dead; and only the credible threat of economically costly violence can compel concessions to black demands. We also agree with the argument that a black nation carved out of the Southern United States would be resisted to the death by whites and in any case would be condemned to underdeveloped neo-colonial status.

What we find unconvincing, however, is the idea that a black nation comprising black-majority rural areas and urban ghettos is a more realistic alternative. For the sake of the argument let us assume that the problem of technical feasibility can be solved, and let us pass over the obvious fact that a rural-urban black nation would be at least as dependent on the outside white society as a purely rural one. The first and most

fundamental problem, the author himself recognizes, is political. Is there any chance that the white ruling class will agree to the experiment?

It seems to us that the author goes wrong here by assuming that a decision of this kind could or would be made by a simple profit-and-loss yardstick. For the American ruling class, as indeed for any ruling class, the highest priority issue is its own power—or, what comes to the same thing, the integrity of the system which assures it a dominant position. Where this issue is not involved, the profit-and-loss yardstick is normally decisive. But where it is involved, the overriding consideration becomes the defense of the system regardless of cost.

Is this most basic of all issues involved in the race relations question in the United States? Most certainly. American imperialism, and also of course the white ruling class, is in a worldwide life-and-death struggle, and *the black revolutionary movement inside the United States is an integral part of the enemy forces*. The United States ruling class is fighting grimly to keep the people of South Vietnam from winning their national liberation, and it has shown in such countries as the Congo and the Dominican Republic that it is prepared to wage the same struggle by any means in any other part of the globe as well. Does anyone imagine that at the same time it is going to fold up and meekly concede national liberation to its “own” black minority which it has exploited and held in contempt for literally hundreds of years? Would not such a show of internal weakness be a body blow to its external power? Could there be a surer way to prove the correctness of the paper tiger thesis? But in the case of American blacks there is more—and worse. A black nation controlling its own economy and armed forces inside the United States would be a deadly Trojan Horse which could, and in the final analysis would, have to join the world revolutionary forces in attacking United States imperialism as and when the hour of showdown approaches.

It might seem that a logical corollary of this analysis is that white ruling-class policy toward blacks can only be one of increasingly severe repression ending in prisons, concentration camps, and gas chambers. That this repressive element already

exists and will intensify in the future need not be doubted, but it does not follow that it will necessarily reach genocidal proportions. For one thing, black resistance and retaliation will act as powerful deterrents, and for another the global interests of United States imperialism would be gravely impaired by a policy of genocide against blacks at home. It seems more likely that the white ruling class will try to pursue a policy combining on the one hand concessions (including all sorts of tokenism, buying off militant leaders, etc.) to encourage reformism, and on the other hand repression to discourage revolution.

This is of course standard operating procedure for capitalist ruling classes, and it must be admitted that it has been practiced with success in many situations and over long periods of time. Can it also succeed in diverting and disrupting the young black revolutionary movement in the United States today? Does the blind-alley character of the goal of black nationalism mean that it will be impossible to develop a program which reconciles immediate reforms with ultimate revolution and thus holds the movement together during what will almost certainly turn out to be a protracted struggle?

Such pessimistic forebodings seem to us to be unwarranted. It seems to us that black power, while perhaps lacking the emotional appeal of nationalism, can become an extremely important unifying force around which a program embracing both reforms and revolution can be worked out. Such a program would have to include two interrelated aspects: First, a demand for complete black control over all the institutions which actually function in the ghetto—police, schools, businesses (the latter, including rental housing, should be taken over by co-operatives rather than by private businessmen, with the amounts and terms of compensation being negotiated by representatives of the community as a whole). Second, a large WPA-type program to provide jobs at decent wages for all who need them, regardless of color. Projects should be designed to employ people as they are—skilled and unskilled, educated and uneducated, old and young, artists and ditchdiggers—and they should be aimed at meeting the real needs of the ghettos and slums. These include rehabilitation of existing housing, building of new

housing, creation and staffing of day-care centers for children, cleaning up vacant land, making playgrounds and parks, and so on ad infinitum. Like the WPA during the 1930's, this program should be financed by the federal government, but administration should be radically decentralized.

It may be said that the white ruling class will resist demands such as these. Of course. But the point is that they are not demands which threaten the existence of the capitalist system and to which the profit-and-loss yardstick is therefore inapplicable. They are more like workers' demands for higher wages and better working conditions which will be ignored or rejected unless the cost of rejecting them is greater than the cost of acceding to them. And these relative costs depend of course on the extent and quality of the workers' organization and its ability to inflict loss through stoppage of work and sometimes through destruction of property. Black power demands are in essentially the same category. They can be won in direct proportion to the organizational strength, militancy, and combativity of the black community. And since their realization would benefit all lower-income groups, they should have the effect of politicizing more and more poor whites and drawing them into active class struggles.

One final question: if significant successes were achieved through a program of this kind, would the result not be to turn the whole black movement into reformist channels and purge it of its revolutionary character?

The danger of course exists. But in this period of general and perpetual capitalist crisis it should not be overestimated. Whatever concessions are wrung from the white ruling class will be the result of unremitting struggle and sacrifice: capitalism can no longer afford to be "generous" in buying off opposition as it used to be in its handling of the upper strata of white workers. And the racism of the white power structure is almost certain to be intensified, so that even privileged blacks will find it increasingly hard to make their peace with a system which tramples on their most elementary human rights and feelings. Add to this the fact that United States blacks are in a very real sense part of the Third World which can survive and

develop only by carrying through to the end the revolutionary people's war against United States imperialism, and you can see why the winning of a few immediate reforms, which in any case will not greatly change the black condition, is not likely to divert the fundamentally revolutionary thrust of the black movement.

It may even be that the effect will be the opposite, that partial victories won through unremitting struggle will serve to mold and temper a more conscious and dedicated revolutionary movement. That is the way the authors of the *Communist Manifesto* thought it should be, and blacks in the United States seem to have a good opportunity to prove that that is also the way it can be.

(May 6, 1968)

In Africa we thought we could achieve freedom and independence and our final objectives of unity and socialism through peaceful means. This has placed us in the power of neocolonialism. We cannot triumph by using nonviolent methods. The same power structure that is blocking the efforts of Afro-Americans in the U.S. is also placing obstacles in Africa's path.

—Kwame Nkrumah, *December, 1967*

The problem of the twentieth century is the problem of the color-line—the relation of the darker to the lighter races of men in Asia and Africa, in America and the islands of the sea.

—W. E. B. DuBois

Men of America, the problem is plain before you. Here is a race transplanted through the criminal foolishness of your fathers. Whether you like it or not the millions are here, and here they will remain. If you do not lift them up, they will pull you down.

—W. E. B. DuBois

There comes a time when one must take a position that is neither safe nor politic nor popular, but he must take it because conscience tells him it is right.

—Dr. Martin Luther King

THE AGE OF IMPERIALISM

BY HARRY MAGDOFF

PART ONE

A focal point of Lenin's theory of imperialism is the classification of imperialism as a special stage in the development of capitalism, arising towards the end of the 19th century. This attempt to give imperialism such a specific historical reference date has been a subject of controversy, the main objection being that many of the features considered characteristic of imperialism are found early in the game and throughout the history of capitalism: the urgency to develop a world market, the struggle to control foreign sources of raw materials, the competitive hunt for colonies, and the tendency towards concentration of capital.

Some scholars get around this problem by distinguishing between an "old" and a "new" imperialism. Whatever semantic device is used, there are good and sufficient reasons for clearly marking off a new period in the affairs of world capitalism. Of the many distinguishing features of this new stage, two, in my opinion, are decisive: First, England is no longer the undisputed leading industrial power. Strong industrialized rivals appear on the scene: the United States, Germany, France, and Japan. Second, within each of the industrialized nations, economic power shifts to a relatively small number of big integrated industrial and financial firms.

The framework for these developments was provided by the introduction during the last 20 to 30 years of the 19th century of new sources of energy and a new departure in technology, which Veblen called "the technology of physics and chemistry."

This is the first part of a revised and expanded version of a paper given at the September 1967 Socialist Scholars Conference in New York. It was originally presented in commemoration of the 50th anniversary of the publication in 1917 of Lenin's famous work *Imperialism, the Highest Stage of Capitalism*. The second part will be published in a later issue.

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This is a technology that is based on the direct application of science and scientific research, rather than on mere mechanical ingenuity. It was in the final 30 years of the 19th century that:

. . . a whole century of slow progress and restatement in pure science—particularly in thermodynamics, electromagnetism, chemistry and geology—began to meet up with rapid development in practical mechanical engineering—and particularly in the production of machine-tools—and in industrial methods . . . not only were new industries developed and new sources of power provided—the internal combustion engine, stemming from progress in thermodynamics theory, being only less important than electricity. Innumerable existing industries—mining and road-building, steel, agriculture, petroleum, concrete are but a few examples—were transformed and expanded. Innumerable new products—the modern bicycle, the telephone, the typewriter, linoleum, the pneumatic tyre, cheap paper, artificial silk, aluminum, ready-made clothing and shoes—were manufactured and marketed for the first time. It was in this period that mechanization first became characteristic of industry in general. . . .^{1*}

Even more important than the technological features of this period per se is that this technology as a rule required investment of large amounts of capital and large production units. The main developments that characterize the transformation occurred in steel, electricity, industrial chemistry, and oil.²

Steel. Steel has unique properties that are essential in the construction of machines such as internal combustion engines, electric generators, and steam turbines. It was the introduction of steel rails and locomotives that made possible the carrying of heavy loads at high speeds. This reduced the cost of transport and provided the means for transforming local and regional businesses into large, national industries.

Before the application of scientific methods, steel was practically a semi-precious metal. "Until [Bessemer and open-hearth] processes were introduced steel making was hardly more than an empirical craft operation. . . ."³ The Bessemer process, introduced in 1854, still had limitations for the use of iron ore available in the United States and Europe. The open-hearth method introduced in the 1860's, and finally the "basic process"

* Footnotes will be found at the end of the article.

developed by Thomas and Gilchrist in 1875 made possible the control of the carbon content of steel within very close limits—and opened up the age of steel. Techniques for improving the properties of steel by use of alloys—to obtain the qualities needed for tool steel, armaments, and stainless steel—were developed between 1870 and 1913. Note that during the period 1870-1874 an average of 1 million tons of steel were produced worldwide; during 1900-1904, the annual average world production had risen to over 27 million tons.⁴

Electricity. While scientific experiments with electricity and theoretical exploration of the subject go back to the 18th century, the application of these experiments and theory to form a large-scale industry occurs toward the end of the 19th century. The first commercial generating stations in London, Milan, and New York were opened in the 1880's. The importance of electricity is not limited to its use as a new source of light, heat, and power. It is necessary, for example, in the refinement of copper and aluminum and the bulk production of caustic soda. (The invention of the process for commercial production of aluminum also stems from this period, occurring in 1886.) For manufacturing processes in general, the application of electricity made possible the kind of precise control which permitted the more complete mechanization on which modern mass-production industry depends.

Industrial Chemistry. Chemical processes in metallurgy, tanning, and fermentation had been known and used for many centuries. But industrial chemistry as a separate and large-scale industry originates in the last third of the 19th century. Here again the transformation is due to theoretical and experimental discoveries in science. The ability to synthesize organic chemicals in industrial processes could not appear before the proper understanding of chemical transformations was achieved. Thus the ability to determine the correct number of atoms in a molecule became possible once there was general recognition around 1860 of the law that equal volumes of gases under the same conditions contain the same number of molecules. The effective concept of the structural arrangement of atoms in a molecule comes in 1865. In contrast with the former almost accidental

advances in organic chemistry, the new scientific achievements created the basis for new mass-production industries. The Solvay ammonia soda process and the catalytic processes for the manufacture of sulphuric acid and of ammonia belong also to the same period.

Oil. Here we are not dealing so much with technical and scientific advances as with the discovery and exploration of underground petroleum sources, though of course technical and scientific achievements are significant both in the techniques of extracting crude oil and in petroleum refining. From the historical point of view, it should be noted that large quantities of oil were first discovered in Pennsylvania in 1859. The Standard Oil Company was founded in 1870. Diamond drilling, the effective technique for piercing hard formations, was first invented in 1864 and was introduced in the United States in the 1870's.

The earliest phase of large oil discoveries was concerned with nationwide and international distribution systems for oil in kerosene lamps and for the manufacture of lubricants. The introduction of oil as fuel in industry and transportation follows from later discoveries of oil sources.

Sometimes referred to as a "second industrial revolution," these new phenomena were integral to the shift from a capitalism characterized by dispersed small competitive units to one in which large concentrations of economic power dominated the industrial and financial scene. How significant these late 19th century technological developments were in accelerating monopolistic trends can be seen by examining the giant corporations of today:

- Of the 50 largest industrial corporations in the United States today, 26 (accounting for 62 percent of the total assets of the whole group) are in steel, oil, electrical equipment, chemicals, and aluminum.

- Of the 50 largest industrial corporations in capitalist countries outside the United States, 30 (accounting for 73 percent of the total assets of the group) are in these same industries.

The Rise of Big Business

Our argument here is not that the new technology determined the size of the corporation and the monopolistic trends that accompanied Big Business. Rather, the new technology provided the framework, and often the opportunity, for the quite normal tendencies of capitalist industry toward concentration of power. For example, the transcontinental railroad and its feeders created the possibility for local manufacturers to compete on a national scale. The overexpansion of production that resulted from many local producers' expanding their capacity to meet the enlarged markets resulted in ruthless competition, failures, mergers, and alliances—a familiar pattern of business history. The transformation that took place in the United States business life during the onset of the imperialist stage is well summarized by Professor Chandler:

In the 1870's, the major industries serviced an agrarian economy. Except for a few companies equipping the rapidly expanding railroad network, the leading industrial firms processed agricultural products and provided farms with food and clothing. These firms tended to be small, and bought their raw materials and sold their finished goods locally. Where they manufactured for a market more than a few miles away from the factory, they bought and sold through commissioned agents who handled the business of several other similar firms.

By the beginning of the twentieth century, many more companies were making producers' goods, to be used in industry, rather than on the farm or by the ultimate consumer. Most of the major industries had become dominated by a few large enterprises. These great industrial corporations no longer purchased and sold through agents, but they had their own nation-wide buying and marketing organizations. Many, primarily those in the extractive industries, had come to control their own raw materials. In other words, the business economy had become industrial. *Major industries were dominated by a few firms that had become great, vertically integrated, centralized enterprises.* (Emphasis added.)⁵

The Civil War and the railroad expansion provided the opportunity for the maturation of powerful financial institutions that could accumulate the capital and organize the mergers that became what Chandler identifies as the "great, vertically integrated, centralized enterprises."⁶ The new technological innovations discussed above provided the material production

bases for such Big Business. The frequent depressions that began in 1873 were the battleground. And the method of business organization for this transformation was the corporation—what Veblen termed the “master institution of civilized life.”

The New Drive for Raw Materials

The new industries, the new technology and the rise of competition among industrialized nations gave a new importance to the role of raw materials. The struggle for the control of iron ore and coking coal on the European continent is a familiar story. Even more important was the pressure to gain control over distant territories whose value assumed new relevance. Barraclough summarizes this trend as follows:

... the voracious appetite of the new industrialism, unable of its very nature to draw sufficient sustenance from local resources, rapidly swallowed up the whole world. It was no longer a question of exchanging European manufactures—predominantly textiles—for traditional oriental and tropical products, or even of providing outlets for the expanding iron and steel industries by building railways, bridges and the like. *Industry now went out into the world in search of the basic materials without which, in its new forms, it could not exist.* (Emphasis added.)⁷

This was part of a general new pattern of economic relations in the world capitalist system. During the period from 1860 to 1900, three changes in the economic relations between nations are notable: (1) the number of commodities entering international trade on a large scale multiplied greatly; (2) competition between many widely separated regions of the world first appeared or grew more intense; and (3) the standard of living of workers and the profitability of industry in European nations came to depend on maintenance of overseas supplies, while the standard of living of the producers of raw materials came to depend on market fluctuations occurring sometimes on the other side of the world.⁸

As the need for raw materials grew, the rate of discovery and exploitation of the resources increased. “It was the same thirty years [from 1870 to 1900] that most of the undeveloped agricultural areas of the world were opened up and that, with the increase of geological knowledge, though not all were yet

exploited, most of the world's great mineral-bearing districts were discovered."⁹ It was in the last quarter of the 19th century that nickel was discovered and developed in Canada, copper and zinc in Australia, nitrogen in Chile, and tin and rubber in Malaya. In sum:

The ring of distant primary producers was widened from North America, Roumania and Russia to tropical and sub-tropical lands and, beyond them, to Australasia and South Africa. *Areas and lines of commerce that had previously been self-contained dissolved into a single economy on a world scale.* (Emphasis added.)¹⁰

Advance in Ocean Transportation and the World Market

World commerce, as noted earlier, was an essential ingredient of early capitalism and it progressed as capitalism matured. But a new leap forward, involving the feasibility of moving cheaply the bulk raw materials needed for the new giant industries, was made possible by the mass production of steel and technical innovations in shipbuilding. Metal-built steamships using steel hulls, steel boilers, twin screws, and compound engines—a "synthesis of existing inventions"—became the predominant form of ocean transport in the last two decades of the 19th century.¹¹ The problems posed by the higher pressures needed in marine engines "were not solved till the later 1870's and early 1880's when improved steel boilers and tubes enabled shipbuilders to construct ships with triple expansion engines that worked at 150 lb. pressure and more."¹²

The demand for efficient and cheap bulk shipment of heavy products throughout the world, the new metal steamship which made it possible, and rapid communication (trans-Atlantic cable service began in 1866) set the stage for a commercial revolution. This commercial revolution was financed by the simultaneous growth of international banking and the creation of a "single multilateral system of international payments. A world market, governed by world prices, emerged for the first time."¹³

Empire and the New Imperialism

The above developments also contributed to a speed-up in the industrialization of lands other than England—the United

States, Germany, Japan, France, Belgium, and others. This industrialization occurred under circumstances in which concentration of economic power in large business units, mobilization of large masses of capital for particular projects, growth of protective tariffs, and a wave of militarization¹⁴ provided the framework for what was essentially new in the imperialism of the late 19th and 20th centuries. Above all, what was new was the extension of imperialist behavior patterns to most industrialized nations.¹⁵ It was no longer Britain controlling international commerce, carving out spheres of commercial influence, and picking up a colony here and there. Instead, it was the economic and political operations of other rapidly advancing countries rushing for their place in the sun which pinned a new label on modern society.

Under the impetus of this new imperialism no corner of the earth was left untouched: the entire world was transformed and adapted to the needs of the new dominant industry in each industrialized nation, and to the rivalry between these nations under the pressure of these needs.

Imperialism and Colonies

The complex of economic and political relations that arose from or were an accommodation to these specially new phenomena encompasses the imperialist era. The change thus marked off is not an abrupt one: it flows directly from well-entrenched tendencies inherent in a capitalist economy. The principal new feature is the concentration of economic power in giant corporations and financial institutions, with the consequent internationalization of capital.

The urge to dominate is integral to business. Risks abound in the business world. Internal and external competition, rapid technological changes, depressions, to name but a few, threaten not only the rate of profit but the capital investment itself. Business therefore is always on the lookout for ways of controlling its environment—to eliminate as much risk as possible. In industry after industry, the battle for survival has also been a battle for conquest, from which the giant corporations best fitted for their environment have emerged. Their

ways and habits are the result of a process of adaptation to the battle for survival and growth; these ways and habits have been built into their organizational structures and their modes of operation as ways of guaranteeing and sustaining victory.

(1) The most obvious first requirement to assure safety and control in a world of tough antagonists is to gain control over as much of the sources of raw materials as possible—*wherever these raw materials may be, including potential new sources*.¹⁶

Controlling raw materials sources is both a protective device against pressure of competitors as well as a weapon of offense to keep non-integrated competitors in line. Ownership of and control over raw material supplies is, as a rule, an essential prerequisite for the ability of a leading firm or group of leading firms to limit new competition and to control production and prices of the finished products. Moreover, the very size of the large vertically integrated firms gives them the resources to explore and develop potential new supplies throughout the world.¹⁷ The history of the oil industry is of course a classic illustration, but this principle applies also to the aluminum, steel, copper, and other industries.

(2) The pattern of most successful manufacturing businesses includes conquest of foreign markets. This is so even where there is as large an internal market as in the United States. In the mass market auto industry, for example, foreign markets exercised an important influence from the earliest days. The sixth Ford car built was shipped to a Canadian distributor. The Ford Motor Company in its first year of operation started making arrangements for building up its foreign markets.¹⁸

Despite the very high rate of domestic population increase and the opportunities available in the underdeveloped regions of this country, the drive to develop exports of manufactures took root during the very first flush of industrial maturity—less than a decade after the end of the Civil War. In 1871 little over 7 percent of United States exports consisted of finished manufactures; by 1890 this percent rose to almost 12 percent; by 1900 to almost 19 percent.¹⁹ The succession of depressions from 1873 to the turn of the century produced two responses:

internally, a wave of consolidations and the move towards Big Business; externally, the drive to capture export markets, including those of industrialized Europe.²⁰

The dynamics of this search for export markets varies from industry to industry, and has different degrees of importance at various stages in the evolution of an industry and in different phases of the business cycle. What must be understood in any case is the special significance for industry to maintain these export markets. Lenin's generalization on this point is most appropriate: "The growth of internal exchange, and particularly of international exchange, is the characteristic distinguishing feature of capitalism. The uneven and spasmodic character of the development of individual enterprises, of individual branches of industry and individual countries, is inevitable under the capitalist system."²¹

Foreign markets are pursued (with the aid and support of the state) to provide the growth rate needed to sustain a large investment of capital and to exploit new market opportunities. In this process, the dependence on export markets becomes a permanent feature, for these markets coalesce with the structure of industrial capacity. In one period exports may be the only way out of disaster; in another they may be the best way to maintain the flow of profits. But as the filling of foreign orders becomes built into the capacity and overhead of the business firm, the pressure to maintain these foreign markets over the long run becomes ever more insistent—especially as competitors arrive on the scene.²²

(3) Foreign investment is an especially effective method for the development and protection of foreign markets. The clearest historic demonstration of this was the export of capital for railways, which stimulated at the same time the demand for rails, locomotives, railway cars, and other products of the iron, steel, and machine industries.²³

But this method of penetrating foreign markets becomes ever more prevalent in the age of the giant corporation, characterized as it is by intensification of national rivalries. The role of foreign investment to capture and exploit sources of raw materials is evident. More than this, though, is the urgency of foreign investment to withstand the competition, or to pre-empt

markets, in the countries where competitive corporate giants also exist.

The foreign corporate giants can swing their own weight in controlling their own domestic markets, or in their preferential markets—such as in colonies, dependencies, or “spheres of influence.” They can also use their political strength to set up protective tariffs and other trade barriers against outsiders. For these reasons, the ability to compete in other countries and to exercise the kind of market control needed by the giant corporations calls for a program of foreign investment. The competition between corporate giants resolves itself either in cartel arrangements or in permanent invasion of each others’ markets via the route of foreign investment. Moreover, this procedure becomes more feasible in the age of Big Business, thanks to the large masses of capital available to large corporations from their own profits or from what they can mobilize in cooperation with financial institutions.

The foregoing reasons for the spurt of foreign investment in the age of imperialism are far from exhaustive. There is naturally the attractiveness of increasing profit rates through taking advantage of lower labor costs abroad. Observe, for example, how The Chase Manhattan Bank slips in information on wage rates in South Korea in its report spelling out the attractiveness of investing in that country.

In fact, the main impetus for Korea’s economic growth comes from the determination and drive of its businessmen and officials. Americans comment on the dexterity and aptitude of Korean workers, who are available at cash wage rates averaging 65¢ a day in textiles and 88¢ a day in electronics. These human characteristics produce industrial results.²⁴

Attractive as lower costs are, their appeal is not necessarily the main attraction of foreign investment. It is merely one of the influences. Much more important is the spur of developing raw material resources, creating demand for exports, and taking advantage of “monopoly” situations. The latter arises due to cost advantages of Big Business, exclusive patents, superior technology, or preferred market demand stimulated by establishment of desired brands via sales promotion. Finally, foreign

investment arises from the pressure to establish trade in markets protected by tariff walls or trade preferences. (United States investment in Canada, for example, is a convenient arrangement for participating in British Empire trade.)

The commonly held notion that the theory of imperialism should be concerned largely with investment in underdeveloped countries just isn't correct. The fact is that profitable investment opportunities in such countries are limited by the very conditions imposed by the operations of imperialism. Restricted market demand and industrial backwardness are products of the lopsided economic and social structures associated with the transformation of these countries into suppliers of raw materials and food for the metropolitan centers.

Our purpose here is not to analyze exhaustively all the factors involved in foreign investment. Rather, it is to suggest that there are clear reasons for the spurt of foreign investment in the age of imperialism—as a consequence of the opportunities and pressures accompanying the rise of Big Business. This is not prompted by the malice of the businessman, but by the normal and proper functioning of business in the conditions confronted. The patterns of these investments should be examined in their historical context, in light of the actual situations business firms deal with, rather than in the more usual terms of an abstraction concerning the pressure of surplus capital.²⁵

(4) The drive for foreign investment opportunities and control over foreign markets brings the level of political activity on economic matters to a new and intense level. The last quarter of the 19th century sees the spread of protective tariffs.²⁶ Other political means—threats, wars, colonial occupation—are valuable assistants in clearing the way to exercise sufficient political influence in a foreign country to obtain privileged trade positions, to get ownership of mineral rights, to remove obstacles to foreign trade and investment, to open the doors to foreign banks and other financial institutions which facilitate economic entry and occupation.

The degree and type of political operation naturally vary. In weak outlying territories, colonial occupation is convenient. In somewhat different circumstances, bribery of officials or

loans (via banks or state institutions) are appropriate.²⁷ Among the more advanced countries, alliances and interest groups are formed.

The result of these developments is a new network of international economic and political relations. The network itself changes in shape and emphasis over time as a result of wars, depressions, and differential rates of industrialization.²⁸ The forms also vary: colonies, semi-colonies, "a variety of forms of dependent countries—countries, which, officially, are politically independent, but which are in fact, enmeshed in the net of financial and diplomatic dependence,"²⁹ and junior and senior partners among the imperialist powers. The significant theme is the different degrees of dependence in an international economy, an international economy in continuous ferment as a result of the battles among giant corporations over the world scene and the operations of these corporations along with their state governments to maintain domination and control over weaker nations.

The oversimplification which identifies imperialism with colonialism pure and simple neither resembles Lenin's theory nor the facts of the case. Similarly fallacious is the version of Lenin's theory that imperialism is in essence the need of advanced countries to get rid of a surplus which chokes them, and that this surplus is divested through productive investments in colonies.

The stage of imperialism, as we have tried to show, is much more complex than can be explained by any simple formula. The drive for colonies is not only economic but involves as well political and military considerations in a world of competing imperialist powers. Likewise, the pressures behind foreign investment are more numerous and more involved than merely exporting capital to backward countries. There is no simple explanation for all the variations of real economic and political changes, nor is it fruitful to seek one. The special value of Lenin's theory is the highlighting of all the principal levers that have moved international economic relations. These levers are the ones associated with the new stage of monopoly and the essential ways monopoly operates to achieve, wherever and

whenever feasible, domination and control over sources of supply and over markets. The fact that these are still the principal levers explains why the theory is still relevant. But the particular forms in which these factors operate and become adapted to new conditions requires continuous re-examination.

Modern Features of Imperialism

The imperialism of today has several distinctly new features. These are, in our opinion: (1) the shift of the main emphasis from rivalry in carving up the world to the struggle against the contraction of the imperialist system; (2) the new role of the United States as organizer and leader of the world imperialist system; and (3) the rise of a technology which is international in character.

(1) The Russian Revolution marks the beginning of the new phase. Before the Second World War the main features were the expansion of imperialism to cover the globe, and the conflicts among the powers for the redistribution of territory and spheres of influence. After the Russian Revolution, a new element was introduced into the competitive struggle: the urge to reconquer that part of the world which had opted out of the imperialist system and the need to prevent others from leaving the imperialist network. With the end of the Second World War, the expansion of the socialist part of the world and the break-up of most of the colonial system intensified the urgency of saving as much as possible of the imperialist network and reconquering the lost territories. Conquest in this context takes on different forms, depending on the circumstances: military and political as well as economic.

While the imperialist powers did not give up the colonies gladly or easily, the main purposes of colonialism had been achieved prior to the new political independence: the colonies had been intertwined with the world capitalist markets; their resources, economies, and societies had become adapted to the needs of the metropolitan centers. The current task of imperialism now became to hold on to as many of the economic and financial benefits of these former colonies as possible. And this

of course meant continuation of the economic and financial dependency of these countries on the metropolitan centers.

Neither in the period right after the Russian Revolution nor in our own day does the central objective of extending and/or defending the frontiers of imperialism signify the elimination of rivalries among the imperialist powers. However, since the end of the Second World War this central objective has dominated the scene because of the increasing threat to the imperialist system and because of the greater unity among the powers imposed by United States leadership.³⁰

(2) Up to the end of the Second World War political and military operations in the imperialist world system were carried on in the traditional method of alignment in blocs: competitive interests in one bloc were temporarily repressed for the sake of a joint offense or defense against another bloc. The composition of these blocs changed over time as did the tactical advantages sought. Since 1945 the new phenomenon is the assumption by the United States of leadership of the entire imperialist system. As a result of its maturing economic and military strength and the destruction inflicted on rivals by the war, the United States had the capacity and the opportunity to organize and lead the imperialist network of our time.

The organizing of the postwar imperialist system proceeded through the medium of the international agencies established toward the end of the war: the United Nations, the World Bank, and the International Monetary Fund—in each of which the United States was able, for various reasons, to exercise the leading role. The system was consolidated through the activities of UNRRA, the Marshall Plan, and the several economic and military aid programs financed and controlled from Washington.

The new perspective of United States leadership was referred to indirectly by Secretary of State Rusk when he called attention to the fact that the United States is “criticized not for sacrificing our national interests to international interests but for endeavoring to *impose the international interest upon other nations.*” (Emphasis added.) This criticism is not rejected by the Secretary of State. Indeed, he is proud of it: “This criticism is, I think, a sign of strength—of our strength and the

strength of international law." Further, he continues to spell out the ambitious vista of United States foreign policy:

But we know we can no longer find security and well-being in defenses and policies which are confined to North America, or the Western Hemisphere, or the North Atlantic community.

This has become a very small planet. We have to be concerned with all of it—with all of its land, waters, atmosphere, and with surrounding space.³¹

In view of the limitations of the United Nations, stemming from participation of socialist countries, the practical administration of this global and spatial concern was affected by a series of treaties and declarations covering the non-socialist world. A list of these instruments as of August, 1966 is given in Appendix A.

The diplomatic arrangements shown in this list were stimulated and given substance by the proliferation of military bases around the planet. The new role of the United States in this respect can be seen in the fact that U.S. armed forces in the 1920's were stationed in only three countries abroad. During the Second World War, U.S. armed forces were to be found in 39 countries. Today, through distribution of military assistance and the direction of military training of foreign armies, U.S. military groups are located in at least 64 countries. These, as can be seen in Table I, are well spread out over the globe.

That these forces and their equipment have not remained

TABLE I

	<i>Number of Countries in which U.S. Armed Forces are Represented</i>
Latin America	19
East Asia (including Australia)	10
Africa	11
Europe	13
Near East and South Asia	11
	64

Source: From data in Agency for International Development, *U.S. Overseas Loans and Grants, Obligations and Loan Authorizations, July 1, 1945 to June 30, 1967*, Washington, D.C., March 29, 1968.

idle and that their presence exerts influence, even in the absence of direct action, is too obvious to need spelling out. However, just for the record, a list of United States direct military involvements since 1961 alone, as reported by the Department of State, is given in Appendix B.

An important aspect of the new United States leadership position is its direct replacement of other imperialist powers. Eugene V. Rostow, Under Secretary of State for Political Affairs, put it this way in a radio interview: "... in many ways the whole postwar history has been a process of American movement to take over positions . . . of security which Britain, France, the Netherlands and Belgium had previously held."³²

Nor has United States business been caught napping while all this has been going on. For example, United States banks abroad are no longer concentrated mainly in Latin America, but are now spread out over the globe. And the United States position in the lush Middle East oil industry has been transformed. Table II presents estimates of the change in the relative position of the United States with respect to Middle East oil. While

TABLE II
OIL RESERVES IN MIDDLE EAST

Estimates of Reserves Controlled

(The amounts are in billions of barrels)

	1940		1967	
	Amount	% of Total	Amount	% of Total
Great Britain	4.3	72.0	73.0	29.3
United States	0.6	9.8	146.0	58.6
Other	1.1	18.2	30.0	12.1
Total	6.0	100.0	249.00	100.0

Source: 1940. Based on data from M. Kdashi Zuhayr, *A Financial Analysis of Middle Eastern Oil Concessions*, New York, Praeger, 1966.

1967. Based on data from *Oil and Gas Journal*, December 25, 1967. These data are estimates, based on the assumption that all the oil reserves in a country are owned by major concessionaires. If anything, this assumption results in an underestimation of the U.S. share in 1967 as compared with Great Britain.

United States firms controlled less than 10 percent of the reserves in Middle Eastern oil leases before the Second World War and 72 percent was held by Great Britain, the positions are now reversed: the United States now controls almost 59 percent while the British share has fallen to a little more than 29 percent. The reasons for this reversal are not to be sought in the greater ingenuity or ability of the United States oil industry but rather in the politics of the Middle East, the uses of United States Lend Lease during the Second World War, post-war foreign aid programs, and the ingenuity of the State Department and other government agencies.³³

(3) The new technology, spurred on by the war, is much more international in scope than the older technology, and therefore has special implications for the current and future operation of imperialism. The most obvious aspect is the technology of space. The large number of "space" stations around the globe manned by United States technicians is one of the international features. Another is the pre-eminent role of the United States in communications satellites, so that not only *Life*, *Readers' Digest*, *Time*, Hollywood movies, and the publications of the United States Information Agency are on hand, but United States television fare is instantly available: all useful means for attaining a "cultural" unity which mirrors the United States guidance of the imperialist system. With this have also come new international legal arrangements, as noted by Secretary Rusk: "And to start building a single global communications satellite system, we have created a novel international institution in which a private American corporation shares ownership with 45 governments."³⁴

In addition, the technologies of atomic energy and computers have special international features. The enormous investment in research and development required for these industries gives a special edge to the corporations which are large enough to be multinational in scale. Without trying to trace the causal interconnections, we should be aware of the happy blending of the new technology and the international corporation: (a) The United States has firms which are large enough to have, or be able to obtain, sufficient capital to develop the

necessary technology and take advantage of pre-empting the field in other countries. (b) United States firms are supported in this technical lead by huge government grants of research and development. (c) These same firms have had experience in international operations, either on their own or in cooperation with the United States government in the process of the latter's stretching its various military and foreign aid activities around the globe. (d) Along with generous government assistance has come an integrated apparatus of scientific research and technical development in the large corporation, one result of which is the considerable reduction of the lead time between scientific advances and the introduction of new products, thus giving the international corporation a global edge over smaller and less powerful rivals. Finally, (e) the technological advances embodied in the jet plane have made more feasible the coordinated management of the multinational corporation.

Demand for External Sources of Raw Materials

One of the features of imperialism that persists unabated to this day is the reliance of the giant corporation for its monopolistic position, including the size of its profits, on foreign sources of raw materials. What is new in today's imperialism is that the United States has become a "have-not" nation for a wide range of both common and rare minerals.

A strange sort of reasoning crops up these days in academic discussions of this subject because advanced industrialized countries are importing a smaller value of raw materials in proportion to output of final products than in the past. This trend reflects increasing efficiency in the industrial uses of raw materials resulting from: (1) improvements in technology and design; (2) increased complexity of consumer products (that is, more manufacturing work is applied to a given amount of raw materials); (3) development of synthetic materials (rubber, plastics, fibers); and (4) improved organization of scrap collection and utilization.

This increasing efficiency in raw materials use is undoubtedly important. It has a serious bearing on the prosperity and viability of the underdeveloped primary commodity pro-

ducing countries. It is an important contributor to the differential rates of growth between the industrialized and non-industrialized countries. It is involved in the increasing financial dependency of many underdeveloped economies, which will be discussed below. But a strange leap in reasoning is needed to conclude that the strategic role of raw materials has changed for the advanced countries. No matter how efficient industry becomes in the use of aluminum or in the extraction of alumina from bauxite, you can't make aluminum without bauxite and you can't make an airplane without aluminum. And when in the United States, 80 to 90 percent of the bauxite supply comes from foreign sources, the assurance of such supply is of crucial importance to the aluminum industry, the airplane industry, and the country's military power.

Another factor often cited as tending to minimize the raw materials problem is the technical achievements in the processing of low-grade ores, and the use of substitute materials (e.g. plastics for metals). Significant technical strides have indeed been made but, as the data we are about to present will show, these achievements have not reversed the trend. With all the amazing accomplishments of scientists and the wonders of electronics and atomic energy, they still have not discovered how to make ordinary metals behave, except within narrow limits, according to the will of the user.

What may seem dramatic in the laboratory or in a pilot plant is often a far cry from what is needed in practice to transform an entire industry. Managers of business may plan for the future, but they live in the present. Any president of a big corporation who did not aggressively pursue acquisition of foreign leases for raw materials because in the historical long run a domestic substitute will probably be found, would most properly be fired from his job.

Thinking in terms of national planning (for the good of the people) or in abstract economic analysis (in terms of cost curves) does not help to understand the impact of foreign raw materials supplies on the policies of business and government. The question boils down to the nature of control and behavior in business, and the government's realistic response to the operational needs of business. Thus, great developments

in the exploitation and use of shale oil, which may some day eliminate domestic dependency on foreign sources, do not and will not diminish the rivalry among oil firms to acquire every bit of oil under land or sea they can lay their hands on. The decisive issues are not consumer and social needs but the controls business firms desire in order to manage world production and prices for the sake of greater profits.

While monopolistic behavior patterns produce the eager drive for foreign supply sources, the shift of the United States from a "have" to a "have-not" nation has likewise resulted in an intensification of the urgency to obtain and control foreign resources. The central point for minerals industries is shown in Table III. As can be seen from the last column of this table,

TABLE III
MINERALS: NET IMPORTS COMPARED WITH CONSUMPTION*
— Annual Averages in Millions of 1954 Dollars —

<i>Period</i>	<i>Imports</i>	<i>Exports</i>	<i>Net Imports**</i>	<i>Apparent Domestic Consumption</i>	<i>Net Imports As Percent of Consumption**</i>
1900-1909	\$ 323	\$ 374	\$ —51	\$ 3,313	—1.5%
1910-1919	534	694	—160	5,135	—3.1
1920-1929	915	863	52	7,025	0.7
1930-1939	792	749	43	6,812	0.6
1940-1944	1,494	922	572	10,802	5.3
1945-1949	1,653	990	663	12,064	5.5
1950-1959	3,103	1,026	2,077	16,170	12.8
1961	3,647	1,145	2,502	17,894	14.0

* All minerals except gold.

** A minus sign means that exports were larger than imports.

Source: U.S. Bureau of the Census. Working Paper No. 6, "Raw Materials in the United States Economy: 1900-1961" (Washington, D.C., 1963.)

up until the 1920's, the United States was a net exporter of minerals; the change in trend is postponed by the depression when consumption of raw material declined. The situation, however, reverses significantly during the war years. But the new situation faced by the United States, simultaneous with its new role as organizer and leader of the imperialist network,

shows up dramatically in the 1950's, when in place of its former position as a net exporter, close to 13 percent of domestic consumption is supplied by imports.

This change did not occur because of the growing need to import esoteric materials not found in the United States. On the contrary, the reason was the rapid jump in imports of the more common materials which traditionally were abundant in this country. This can be seen in Table IV, where a comparison is made between net imports of six garden-variety minerals and the domestic extraction of these materials: the situation today is compared with the prewar years.

TABLE IV
SELECTED MINERALS: NET IMPORTS AS A PERCENT
OF DOMESTIC MINE OR WELL PRODUCTION

	<i>1937-39</i> <i>Average</i> <i>(percentages)</i>	<i>1966</i> <i>(percentages)</i>
Iron Ore	3	43
Copper	—13	18
Lead	0	131
Zinc	7	140
Bauxite	113	638
Petroleum	—4	31

Net Imports equals imports minus exports.

Source: 1937-39. Calculated from data in U.S. Bureau of the Census, *Statistical Abstract of the United States: 1939*, Washington, D.C., and *ibid.*, 1940.

1966. Calculated from data in U.S. Department of Interior, *Minerals Yearbook, 1966*, Washington, D.C., 1967.

Note: These data do not deal with total consumption. The latter includes refining from scrap and use of inventories. This table only represents the change in the dependency on imports as compared with use of domestic natural resources.

Note especially the data on iron ore. Back in the years just before the war, net imports of iron ore amounted to about 3 percent of the close to 52 million tons of iron ore extracted from domestic sources. In 1966, net imports were equal to 43 percent of the 90 million tons mined in the country. (The latter includes the mining of such taconite as we have learned

and choose to use productively.) The exhaustion of high-quality domestic ore supplies occasioned a dramatic rise in foreign investment to develop more efficient and richer sources of iron ore in Canada, Venezuela, Brazil, and Africa. The purpose, as it developed, was not only to exploit more profitable sources of supply but to map out greater control over this essential raw material as a preventive measure: each large domestic producer naturally anticipates similar moves by other domestic and foreign producers.

It is true that in recent years technical innovations have increased the utility of domestic ores. Nevertheless, the tendency to increasing reliance on foreign sources of supply persists, partly to get one's money's worth out of an investment already made, partly as a protective device to keep the lesser quality ore sources in reserve, and partly for immediate financial advantage where foreign ores are more economical. As specialists in the field see it, in the absence of a further breakthrough in technology that would make the very low grade iron ore, derived from taconite and similar rock, decidedly cheaper than foreign ore, the prognosis is for increased reliance of our steel industry on foreign sources of ore. Thus, it is anticipated that about half of the iron ore to be consumed in 1980 will be met by foreign sources, and that by 2000 the import ratio will reach 75 percent.³⁵

The dramatic reversal in the self-sufficiency of the United States with respect to raw materials was succinctly summarized in a report by the staff of the President's Commission on Foreign Economic Policy:

This transition of the United States from a position of relative self-sufficiency to one of increasing dependence upon foreign sources of supply constitutes one of the striking economic changes of our time. The outbreak of World War II marked the major turning point of this change.

Both from the viewpoint of our long-term economic growth and the viewpoint of our national defense, the shift of the United States from the position of a net exporter of metals and minerals to that of a net importer is of overshadowing significance in shaping our foreign economic policies.

We have always been almost entirely dependent on imports for tin, nickel, and the platinum group of metals. In addition,

our requirements for asbestos, chromite, graphite, manganese, mercury, mica, and tungsten have been generally covered by imports. Prior to World War II this was about the extent of our list of strategic materials, that is mineral substances of which our requirements are wholly or substantially supplied by foreign sources. At present, by contrast, *the United States is fully self-sufficient only in coal, sulfur, potash, molybdenum and magnesium.* (Emphasis added.)³⁶

Strategic Materials

The Defense Department operates with a list of strategic and critical materials as a guide to the stockpiling program. These are the materials which are assumed to be critical to the war potential of this country and where supply difficulties can be anticipated. However, war products are not the only ones for which these materials are strategic. Many civilian products in today's technical environment rely on the same materials. (Mica, for example, appears on this list. Mica is used in the electrical industry in condensers, telephones, dynamos, and in electric toasters.) The import dependency of these materials is shown in Table V. For more than half of these items, 80 to 100 percent of the supply in this country depends on imports.

TABLE V
CLASSIFICATION OF STRATEGIC INDUSTRIAL MATERIALS
BY DEGREE OF DEPENDENCE ON IMPORTS

<i>Number of Materials</i>	<i>Ratio of Imports to New Supply (Percent)</i>
38	80-100
6	60- 79
8	40- 59
3	20- 39
7	Less than 20
—	
62	

Source: Percy W. Bidwell, *Raw Materials*, New York, Harper & Bros., 1958, p. 12.

For 52 out of the 62 materials, at least 40 percent has to be supplied from abroad. And, according to a report of the International Development Advisory Board (a special commission

set up by the President in the 1950's), *three quarters of the imported materials included in the stockpile program come from the underdeveloped areas.* The political and military response to this fact is clearly formulated by the President's Board: ". . . it is to these countries that we must look for the bulk of any possible increase in these supplies. The loss of any of these materials, through aggression, would be the equivalent of a grave military set-back."³⁷

The jet engine, the gas turbine, and nuclear reactors are having an important influence on demand for materials which can only be obtained from abroad. The nature of this new need was spelled out in the report of the President's Material Policy Commission:

The advent of the gas turbine and jets for fighter aircraft, and the possible development for commercial flying and later for automobiles, has accentuated the need for materials to withstand high temperature and stress. One reason why it has taken so long to develop the gas turbine commercially is that there were no materials that could withstand red heat and at the same time take the stress of the centrifugal forces generated by 20,000 revolutions per minute. Since in the gas turbine the higher the temperature, the greater the efficiency, there is urgent need for metals, ceramics, or other substances that can operate under stress in the range above 2,000 degrees Fahrenheit.

There are also requirements for materials for carrying out nuclear reactions, many of which occur at high temperatures. Some of these materials must have a low capacity for neutron absorption as well. Thus, the need for higher and ever higher temperature resistance becomes one of our most critical problems.³⁸

What this means can be seen quite clearly when we narrow our focus on one product—the jet engine, which since this report was prepared has become a commercial as well as military means of transportation. Table VI lists the six critical materials which are needed to make a jet engine. Except for molybdenum, we are dependent on imports for an adequate supply of all these items. For three of the materials, the dependence is complete. In the last column are listed the current main producers of each product in the non-Communist world. In parentheses after each country is given the percentage its output represents of total production in the non-Communist world.

TABLE VI
CRITICAL MATERIALS USED FOR JET ENGINE

	<i>Pounds Used in Jet Engine¹</i>	<i>Imports as % of Consumption²</i>	<i>Where this Material is Produced³</i>
Tungsten	80-100	24%	U.S. (30%) South Korea (19%) Canada (12%) Australia (8%) Bolivia (8%) Portugal (7%)
Columbium	10-12	100%	Brazil (54%) Canada (21%) Mozambique (18%)
Nickel	1,300-1,600	75%	Canada (71%) New Caledonia (20%)
Chromium	2,500-2,800	100%	South Africa (31%) Turkey (19%) South Rhodesia (19%) Philippines (18%) Iran (5%)
Molybdenum	90-100	0	U.S. (79%) Canada (10%) Chile (9%)
Cobalt	30-40	100%	Congo (Leopoldville) (60%) Morocco (13%) Canada (12%) Zambia (11%)

1. From Percy W. Bidwell, *Raw Materials*, New York, Harper & Bros., 1958, p. 12.
2. Calculated from data in U.S. Department of Interior, *Minerals Yearbook, 1966*, Washington, D.C., 1967.
3. Major producers of the material in the non-Communist world. The percentages in parenthesis represent the amount produced in the country in 1966 as a percent of total production in non-Communist countries. The source for this information is the same as 2.

The facts presented here are of course no mystery to business or to the government planners and coordinators of policy. President Truman established in 1951 the Materials Policy

Commission, cited above, to study the materials problem of the United States and its relation to other non-Communist countries. The resulting five-volume report was issued with much publicity in the midst of the Korean War. The theme of raw materials sources as an ingredient of foreign policy crops up not only with respect to direct United States requirements but also as it concerns United States responsibility as the leader of the "free world" to see to it that Western Europe's and Japan's supplies of raw materials are assured. Consider, for example, this frank statement by former President Eisenhower:

One of Japan's greatest opportunities for increased trade lies in a free and developing Southeast Asia. . . . The great need in one country is for raw materials, in the other country for manufactured goods. The two regions complement each other markedly. By strengthening of Vietnam and helping insure the safety of the South Pacific and Southeast Asia, we gradually develop the great trade potential between this region . . . and highly industrialized Japan to the benefit of both. In this way freedom in the Western Pacific will be greatly strengthened.³⁹

And finally, two more citations—one from the Republican side and one from the Democratic side of policy making. The Rockefeller Brothers Fund report on foreign economic policy offers these propositions:

Europe's economic security today depends on two indispensable factors: (1) her own intellectual and technical vitality and economic enterprise; and (2) an international structure which will enable Europe to have access to foreign markets on fair terms and adequate supplies of materials, if Europe can offer reasonable value in return for them.

Nevertheless, the economic situation of the industrialized nations remains precarious. If Asia, Middle Eastern and African nationalism, exploited by the Soviet bloc, becomes a destructive force, European supplies of oil and other essential raw materials may be jeopardized.⁴⁰

W. W. Rostow, President Johnson's closest adviser on national security affairs, seems to be well aware of the underpinning of the imperialist network as it applies to raw materials and to the special role of the United States in today's imperialism. Testifying before the Joint Congressional Committee,

Rostow explained the relations between industrialized and underdeveloped nations as follows:

The location, natural resources, and populations of the underdeveloped areas are such that, should they become effectively attached to the Communist bloc, the United States would become the second power in the world. . . . Indirectly, the evolution of the underdeveloped areas is likely to determine the fate of Western Europe and Japan and, therefore the effectiveness of those industrialized regions in the free world alliance we are committed to lead. If the underdeveloped areas fall under Communist domination, or if they move to fixed hostility to the West, the economic and military strength of Western Europe and Japan will be diminished, the British Commonwealth as it is now organized will disintegrate, and the Atlantic world will become, at best, an awkward alliance, incapable of exercising effective influence outside a limited orbit, with the balance of the world's power lost to it. In short, our military security and our way of life as well as the fate of Western Europe and Japan are at stake in the evolution of the underdeveloped areas. We evidently have a major national interest, then, in developing a free world coalition which embraces in reasonable harmony and unity the industrialized states of Western Europe and Japan on the one hand, the underdeveloped areas of Asia, the Middle East, and Africa, on the other.⁴¹

United States as the Leading Capital Exporter

Along with the political and military changes after the Second World War, when the United States assumed the role of undisputed leader of world capitalism, came the clear-cut pre-eminence of the United States as a capital exporter. While the urgent need to develop foreign raw material sources contributed to the momentum of capital exports after the war, the acceleration of investment in foreign manufacturing ventures added a new dimension to the internationalization of capital.

To appreciate better this new feature, let us first examine the competitive aspects of world trade in manufactures. Table VII presents estimates of the shares of five industrial nations in world export trade in manufactures. Aside from the remarkable change in Italy's fortunes during the last two decades, and the rise of Japan's trade, the most noteworthy changes over the practically 70 years covered is the juxtaposition of the United States and the United Kingdom. Britain's share of world trade in manufactures declined from 33 to 12 percent,

while that of the United States increased from 12 to 21 per cent. But note also that the United States was not able to

TABLE VII
SHARE OF EXPORTS OF MANUFACTURED GOODS
(in percentages)

	1899	1913	1929	1937	1950	1967
United States	11.7	13.0	20.4	19.2	26.6	20.6
United Kingdom	33.2	30.2	22.4	20.9	24.6	11.9
Germany	22.4	26.6	20.5	21.8	7.0*	19.7*
France	14.4	12.1	10.9	5.8	9.6	8.5
Italy	3.6	3.3	3.7	3.5	3.6	7.0
Japan	1.5	2.3	3.9	6.9	3.4	9.9
Others	13.2	12.5	18.2	21.9	25.2	22.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

* West Germany only. A comparable figure for West Germany alone, in 1937, is estimated at 16.5%.

Source: A. Maizels, *Industrial Growth and World Trade*, Cambridge, England, 1963—except for the 1967 data. (Data for 1899 and 1913 exclude the Netherlands.) 1967 data: National Institute, *Economic Review*, February, 1968.

maintain the lead it took right after the war: between 1950 and 1967, the United States share declined from almost 27 to almost 21 percent, about the same as its share after the First World War.

However, isolating just these figures is deceptive. For beginning with the First World War, and at an accelerated pace after the Second World War, a major share of the competitive struggle for markets was taken over by building factories or buying up businesses abroad. The new situation in this respect is presented in Table VIII. This table shows the relative position of leading capital exporters at the time of the First World War, at the end of the boom of the 1920's, and in 1960. During the initial period shown on this table, the United Kingdom was the outstanding foreign investor: half of external capital investments were owned by British citizens. Despite the fact that the United States was a debtor nation until after the First World War, it had already started to get its feet wet in

this field, beginning with the onset of its participation in the imperialist way of life.

TABLE VIII
FOREIGN INVESTMENTS OF LEADING
CAPITAL EXPORTING COUNTRIES

	1914	1930	1960
	—Percent of Total—		
United Kingdom	50.3	43.8	24.5
France	22.2	8.4	4.7*
Germany	17.3	2.6	1.1
Netherlands	3.1	5.5	4.2*
Sweden	.3	1.3	.9*
United States	6.3	35.3	59.1
Canada	.5	3.1	5.5
Total	100	100	100

Source: Calculated from data in William Woodruff, *Impact of Western Man*, New York, 1966, p. 150, except for the items with asterisk.

* The data for 1960 are very broad estimates, made solely to simplify the presentation on the relative change of the U.S. position.

The interwar years, and the consequent change in position to that of a creditor nation, gave the United States its opportunity and it raced ahead to the point where it was getting close to the position of the oldest and best entrenched capital exporter. By 1960, United States foreign investments accounted for almost 60 percent of the world total. (These data apply to both portfolio and direct investment. Direct investment—the ownership of branches and subsidiaries—was the most important factor in this expansion of United States investment. Hence, if the data were shown for direct investment alone, the United States share would be even larger. While all the information is not available for the post-1960 period, it seems clear that the United States share has kept on increasing in these years as well.)

Because of this huge expansion of investment in manufacturing industries abroad, the United States is able to compete in foreign markets directly rather than by exports alone. What this means can be seen from the data in Table IX for the

TABLE IX
EXPORTS AND SALES FROM FOREIGN INVESTMENTS

(Million \$)

<i>Selected Manufacturing Industries</i>	<i>Sales of Foreign Affiliates</i>			<i>Exports From U.S.</i>		
	<i>1957</i>	<i>1965</i>	<i>Increase</i>	<i>1957</i>	<i>1965</i>	<i>Increase</i>
Paper & Allied Products	\$ 881	\$1,820	\$ 939	\$ 223	\$ 389	\$ 166
Chemicals	2,411	6,851	4,440	1,457	2,402	945
Rubber Products	968	1,650	682	161	167	6
Metals	1,548	3,357	1,809	1,881	1,735	—146
Non-Electrical Machinery	1,903	5,257	3,354	3,102	5,158	2,056
Electrical Machinery & Equipment	2,047	3,946	1,899	874	1,661	787
Transportation Equipment	4,228	10,760	6,532	1,784	3,196	1,412

Source: Sales of Foreign Affiliates—*Survey of Current Business*, November, 1966; Exports—U.S. Bureau of the Census, *Statistical Abstract of the United States: 1966* and *ibid.*: 1965.

years 1957 and 1965, the latest year for which such information is presently available. The first three columns show the sales experience of United States firms abroad (branches or subsidiaries of United States corporations). The last three columns report the amount of exports from the United States for the same industries.

It is especially noteworthy that in all the industries, by 1965, the sales of foreign affiliates are higher than exports from United States-based plants. More than that, the increase during these years has been larger in the case of foreign affiliates plants than in exports. For the industries combined, sales of foreign-owned plants rose 140 percent, while exports from the United States went up 55 percent.

Sales from manufacturing firms abroad assist in the penetration of foreign markets in a double way. Not only do they obtain a share of the market in the country in which the subsidiary is located, but they enter into the foreign trade channels of the competing powers. This can be seen by an examination of Table X. Thus, United States plants located in Europe sell

TABLE X
MANUFACTURING SALES ABROAD BY
FOREIGN AFFILIATES OF U.S. FIRMS
(Percent of total sales abroad)

	Canada	Latin America	Europe	Other
Local Sales	81	93	77	92
Exported to U.S.	11	2	1	2
Exported to Other Countries	8	5	22	6
Total	100	100	100	100

Source: Calculated from data in *Survey of Current Business*, November, 1966.

only 77 percent of their output to the local markets in which the plants are located. Exports to other countries account for 22 percent of the sales of these plants. Note the relatively small percentage of exports from the underdeveloped world (Latin America and other), the significance of which will be pointed

out later when we discuss the issue of financial dependency of underdeveloped countries.

The impact of these overseas sales from direct investment is what was no doubt in the mind of the investment banker who wrote in a recent article in *Foreign Affairs*:

The role of U.S. direct investment in the world economy is staggering. According to the U.S. Council of the International Chamber of Commerce, the gross value of production by American companies abroad is well in excess of \$100 billion a year. That is to say, on the basis of the gross value of their output, U.S. enterprises abroad in the aggregate comprise the third largest country (if such a term can be used to designate these companies) in the world—with a gross product greater than that of any country except the United States and the Soviet Union. Of course, these enterprises are large users of raw materials and components produced locally, so that their contribution to the net product (values added) is much less than their gross sales.¹²

As far as manufacturing is concerned, the huge foreign business operation is mainly concentrated in Canada and Europe, as can be seen from Table XI. And since the Second World

TABLE XI
DIRECT FOREIGN INVESTMENT IN MANUFACTURING
(Million \$)

	1950		1966	
	Dollars	Percent of Total	Dollars	Percent of Total
All Areas	\$3,831	100%	\$22,050	100%
Selected Areas				
Canada	1,897	49.5	7,674	34.8
Mexico	133	3.5	797	3.6
Argentina	161	4.2	652	3.0
Brazil	285	7.4	846	3.8
Europe	932	24.3	8,879	40.3
South Africa	44	1.1	271	1.2
India	16	0.4	118	0.5
Japan	5	0.1	333	1.5
Philippines	23	0.6	180	0.8
Australia	98	2.6	999	4.5

Source: Department of Commerce, *United States Business Investment in Foreign Countries*, Washington, D.C., 1960, and Walther Lederer and Frederick Cutler, *International Investments of the United States in 1966 in Survey of Current Business*, September, 1967.

War, in an environment influenced by the Marshall Plan and NATO, the main trend has been the flow of manufacturing capital to Europe.⁴⁸

But the United States is not the only contender for these markets. The cross currents of investment, as a reflection of the competition among giant corporations for markets, is shown in Table XII. English firms invest in France and West Germany. Belgium invests in France, West Germany, and England. Obviously, however, the position of the United States as a foreign investor in Europe is overwhelming. As might be expected, the concentration of investment by a small number of giant firms has resulted in the United States firms' having quite impressive shares of the market in particular industries

TABLE XII
THE AMERICAN SHARE IN THE STOCK OF
FOREIGN INVESTMENT

	<i>France</i> 1962	<i>West Germany</i> 1964	<i>Britain</i> 1962
United States	45%	34%	72%
Great Britain	12	10	—
Netherlands	11	17	2
Switzerland	5	16	7
Belgium	8	5	1
France	—	7	2
Sweden	1	3	1
Italy	5	included in "others"	1
West Germany	3	—	1
Canada	2	included in "others"	9
Others	8	8	4
Total	100%	100%	100%

Source: Christopher Layton, *Trans-Atlantic Investments*, Boulogne-sur-Seine, France, The Atlantic Institute, 1966, p. 13.

in Europe. Observe from Table XIII that United States firms control over half of the automobile industry in Britain, close to 40 percent of petroleum in Germany, and over 40 percent of the telegraphic, telephone, electronic, and statistical equipment business in France (the control of computing machines in France is 75 percent).

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TABLE XIII
ESTIMATES OF U.S. SHARE IN CERTAIN INDUSTRIES

<i>France 1963</i>	<i>U.S. Firms (percent of sales)</i>
Petroleum refining	20%
Razor blades & safety razors	87
Cars	13
Tires	over 30
Carbon black	95
Refrigerators	25
Machine tools	20
Semi-conductors	25
Washing machines	27
Lifts & elevators	30
Tractors & agricultural machinery	35
Telegraphic & telephone equipment	42
Electronic & statistical machines (of which computers 75%)	43
Sewing machines	70
Electric razors	60
Accounting machines	75

<i>Britain 1964</i>	<i>U.S. Firms (percent of sales)</i>
Refined petroleum products	over 40%
Computers	over 40
Cars	over 50
Carbon black	over 75
Refrigerators	33⅓% to 50
Pharmaceuticals	over 20
Tractors & agricultural machinery	over 40
Instruments	over 15
Razor blades & safety razors	Approx. 55

<i>West Germany</i>	<i>U.S. Firms (percent of capital)</i>
Petroleum	38%
Machinery, vehicles, metal products (of which cars 40%)	15
Food industry	7
Chemicals, rubber, etc.	3
Electrical, optics, toys, musical (of which computers 84%)	10

Source: Christopher Layton, *Trans-Atlantic Investments*, Boulogne-sur-Seine, France, The Atlantic Institute, 1966, p. 19.

The tie-in between monopolistic trends and the flow of investment to Europe is indicated by the following: in the three biggest European markets (West Germany, Britain, and France) 40 percent of United States direct investment is accounted for by three firms—Esso, General Motors, and Ford. In all Western Europe, 20 United States firms account for two thirds of United States investment.⁴⁴ Between 1950 and 1965 “more and more of the major companies have bought or built their way into Europe. By 1961, 460 of the 1000 largest U.S. companies had a subsidiary or branch in Europe. By 1965, the figure had risen to 700 out of 1000.”⁴⁵

In short, the internationalization of capital among the giant firms is of a much higher order today than was the case fifty years ago when Lenin wrote his work on imperialism.

(End of Part I)

APPENDIX A

U.S. Defense Commitments and Assurances

A List of Treaties and Official Declarations in Effect in 1966

Western Hemisphere

Treaties

1. Inter-American Treaty of Reciprocal Assistance (Rio Pact), September 2, 1947.
2. Applicability of North Atlantic Treaty, April 4, 1949 (NATO applies to Canada, Iceland, Greenland, Bahamas, Bermuda).
3. Bilateral Agreements
 - a. Agreement with Denmark concerning the defense of Greenland, April 27, 1951.
 - b. Defense agreement with the Republic of Iceland, May 5, 1951.
 - c. North American Air Defense Command Agreement (exchange of notes, U.S.-Canada, May 12, 1958).
 - d. Treaty with Panama, March 2, 1936.

Official Declarations

1. Seventh Annual Message of President Monroe to Congress (the Monroe Doctrine), December 2, 1823.
2. Statement by the Department of State on the continued applicability of the Monroe Doctrine, July 14, 1960.
3. The Ogdensburg Agreement (with Canada—setting up a Permanent Joint Board of Defense), August 18, 1940.

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4. Joint Announcement on Defense, U.S.-Canada, February 12, 1947.
5. Joint Statement by President Kennedy and President Betancourt of Venezuela, February 20, 1963 (U.S. pledges full support to Venezuela).

Europe

Treaties

1. North Atlantic Treaty, April 4, 1949. Parties to the treaty: United States, Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, United Kingdom, Greece (added 1952), Turkey (added 1952), Federal Republic of Germany (added 1955).
2. Joint Declaration concerning the Renewal of the Defense Agreement of September 26, 1953, U.S.-Spain, September 26, 1963.

Official Declarations

1. Statement by President Eisenhower on U.S. policy towards Western European Union, March 10, 1955.
2. Communique, North Atlantic Council Ministerial Session, Athens, May 6, 1962.
3. Final Act, London Nine-Power Conference, Declaration by the Governments of the U.S., United Kingdom, and France, October 3, 1954.
4. Statement by President Kennedy regarding Berlin, July 25, 1961.
5. Address by Vice-President Johnson before the West Berlin House of Representatives, August 19, 1961.
6. Statement by Secretary of State Rusk regarding Berlin, February 22, 1962.
7. Joint Communique, President Kennedy and Chancellor Adenauer of Germany, November 15, 1962.
8. Joint Communique, President Johnson and Chancellor Erhard of Germany, June 12, 1964.

Near East — Middle East

Treaties

1. Applicability of North Atlantic Treaty since 1952 (on February 18, 1952, Greece and Turkey acceded to the North Atlantic Treaty; since that date they have been covered by the commitments of that Treaty).
2. U.S. membership in CENTO Committees (the Pact of Mutual Cooperation—Baghdad Pact—between Iraq, Turkey, United Kingdom, Pakistan, and Iran was signed February 24, 1955. This was later renamed Central Treaty Organization—CENTO, after Iraq withdrew. The U.S. is a member of the Military, Economic, and Anti-Subversion Committees of CENTO and an observer at Council meetings).
3. Bilateral Agreements
 - a. Agreement of Cooperation with Iran, March 5, 1959.
 - b. Agreement of Cooperation with Turkey, March 5, 1959.

Official Declarations

1. Message of President Truman to Congress (the Truman Doctrine), March 12, 1947.
2. Joint Resolution to Promote Peace and Stability in the Middle East (the Eisenhower Doctrine), March 9, 1957.
3. Tripartite Declaration (U.S.-United Kingdom-France) regarding Security in the Near East, May 25, 1950.
4. Multilateral Declaration respecting the Baghdad Pact, (U.S. commitments to Pakistan, Iran, and Turkey), July 28, 1958.
5. Joint Communique, President Kennedy and the Shah of Iran, April 13, 1962.
6. Letter from President Kennedy to Crown Prince Faisal of Saudi Arabia, October 25, 1962.
7. Statement on Jordan and Saudi Arabia by Secretary of State Rusk, March 8, 1963.
8. Reply by President Kennedy to a news conference question concerning the Middle East, May 8, 1963.
9. Remarks of President Johnson during Exchange of Toasts with President Shazar of Israel, August 2, 1960.

Africa*Treaties*

1. Agreement of Cooperation with Liberia, July 8, 1959.

South Asia*Treaties*

1. United States membership in CENTO committees (same as above under Near East-Middle East).
2. Membership in SEATO (see Treaties under Southeast Asia-Southwest Pacific).
3. Agreement of Cooperation with Pakistan, March 5, 1959.

Official Declarations

1. Letter from President Eisenhower to Prime Minister Nehru of India, February 24, 1954.
2. Assurances to Pakistan respecting extension of military assistance to India: Statement by Department of State, November 17, 1962.

Southeast Asia — Southwest Pacific*Treaties*

1. Southeast Asia Collective Defense Treaty, September 8, 1954 (SEATO is the resulting organization, which includes U.S., Australia, France, New Zealand, Pakistan, Philippines, Thailand, United Kingdom, Cambodia, Laos, South Vietnam).
2. Security Treaty between Australia, New Zealand, and the U.S. (ANZUS Pact), September 1, 1951.
3. Mutual Defense Treaty with Philippines, August 30, 1951.

Official Declarations

1. Tonkin Gulf Resolution, August 10, 1964.
2. Joint Communique, Secretary Rusk and Foreign Minister Thanat Khoman of Thailand, March 6, 1962.
3. Declaration of Honolulu, February 8, 1966.
4. Formosa Straits Resolution, January 29, 1955.
5. Statement by President Kennedy on Formosa and offshore islands, June 27, 1962.
6. Vice President Humphrey in reply to press conference question in Korea, February 23, 1966.
7. Joint Communique, President Johnson and President Macapagal, October 6, 1944.

East Asia

Treaties

1. Treaty of Mutual Cooperation and Security between U.S. and Japan, January 19, 1960.
2. Mutual Defense Treaty with the Republic of China (Formosa), December 2, 1954.
3. Mutual Defense Treaty with Korea, October 1, 1953.

Source: Compilation presented by State Department on U.S. defense commitments and assurances as of August 1966. *Hearing before Preparedness Investigating Subcommittee of Committee on Armed Services*, United States Senate, 89th Congress, 2nd Session, August 25 and 30, 1966.

APPENDIX B

U.S. Involvement in International Political Crises and Critical Situations, 1961 to Mid-1966 (1)

1. Vietnamese struggle with Viet Minh and Viet Cong (1945-)—Partial (from 1950) to direct (from 1954) involvement as supplier of military assistance, military advisers, then combat troops at the request of the Republic of Vietnam.
2. Berlin (1948-)—Direct involvement as one of four occupying powers under 1945 quadripartite agreements.
3. Communist Chinese threat to Formosa Straits (1950-)—Direct involvement under Truman (1950) and Eisenhower (1953); instructions to U.S. Seventh Fleet and Formosa Resolution (1955).
4. Korea (1950-)—Direct involvement as a principal contributor of forces under UN Command during Korean War and to present.
5. Bay of Pigs episode (1961)—Direct involvement as unofficial, partial protector of invasion force.
6. Panamanian-United States dispute over conditions in and administration of the Canal Zone (1962-1966)—Direct involvement as a party to the dispute; OAS and UN action; bilateral negotiations.
7. Cuban missile crisis (1962-1963)—Direct involvement as power enforcing OAS quarantine on shipment of missiles to Cuba.

8. Cambodian complaint of border violations by U.S. and South Vietnamese forces (1964-)—Direct involvement as a party named in the complaint; UN action.

9. Stanleyville (Congo) rebel mistreatment of European prisoners (1964)—Direct involvement in bringing matter to UN attention and in providing airlift for Belgian para-commando rescue mission.

10. Dominican crisis (1965-1966)—Direct involvement through initial action to stabilize the situation; contributor to OAS peace forces.

(1) This list does not include temporary crises brought about by coup d'état (e.g. the Syrian Army coup of 1962) or by internal rebellions (e.g. the revolt of the Kurds in Iraq in 1962).

Source: This is a reproduction of Part A of a Statement submitted by Secretary of State to the U.S. Senate Committee on Armed Services. Worldwide Military Commitments, Hearings Before the Preparedness Investigating Subcommittee of the Committee on Armed Services, U.S. Senate, 89th Congress, 2nd session, August 25 and 30, 1966, Part I, pp. 31 and 32.

This statement also contained a list of 27 other crises in which U.S. involvement was indirect, such as supplying arms or cooperating in UN actions. This list is given on p. 32 of the above source.

FOOTNOTES

1. *The New Cambridge Modern History* (F. H. Hinsley, ed.), Cambridge, England, 1962, Vol. XI, pp. 2-3.

2. The discussion on technology is based on the following: Thorstein Veblen, *Absentee Ownership*, New York, 1923, Chapter X ("The Technology of Physics and Chemistry"); Geoffrey Barraclough, *An Introduction to Contemporary History*, Baltimore, 1967; David S. Landes, "Technological Change and Development in Western Europe," in *The Cambridge Economic History of Europe* (H. J. Habakkuk and M. Postan, eds.), Cambridge, England, 1965, Vol. VI, Part I; J. D. Bernal, *Science in History*, London, 1954; C. Singer, E. J. Holmyard, A. R. Hall and Trevor J. Williams, *A History of Technology*, Oxford, 1958, Vol. V.

3. Abbott Payson Usher, "The Industrialization of Modern Britain" in *Technology and Culture*, Spring, 1960, pp. 119-120.

4. William Ashworth, *A Short History of the International Economy Since 1850*, London, 1964, p. 22.

5. Alfred D. Chandler, Jr., "The Beginnings of 'Big Business' in American History" in *The Business History Review*, Spring, 1959, reprinted in *Pivotal Interpretations of American History* (Carl N. Degler, ed.), New York, 1966, Vol. II, pp. 109-110.

6. Along with the growing role of the investment banker was the increased use of the stock market for industrial securities. Before 1880, the stock exchanges dealt almost exclusively in railroad and bank securities. Until the late 1880's industrial companies remained too small and too little known to speculators. It was not until 1890-1893, at the start of the major concentration and merger drive, that industrial securities began

to be listed on the stock exchange and to be traded by leading brokerage houses. See Thomas R. Navin and Marian V. Sears, "The Rise of a Market for Industrial Securities, 1887-1902" in *The Business History Review*, June, 1955, pp. 105-138. See also Gabriel Kolko, *The Triumph of Conservatism*, Chicago, 1963, Chapter 1.

7. Geoffrey Barraclough, *op. cit.*, p. 54.

8. Based on A. J. Youngson, "The Opening Up of New Territories" in *The Cambridge Economic History of Europe*, Cambridge, England, 1965, Vol. VI, Part I.

9. *The New Cambridge Modern History*, Cambridge, England, 1962, Vol. XI, p. 5.

10. *Ibid.*, p. 6.

11. A. J. Youngson, *op. cit.*

12. Same as fn. 9, p. 52.

13. *Ibid.*, p. 6. As an historical reference point for this commercial revolution, note that the Suez Canal and the first transcontinental railway in America are opened up in 1869.

14. "There was some diminution in the size of armies in the period of tranquility after 1815, but after 1870 there was, among the great powers, a steady growth in the size and cost of armies and navies." Quincy Wright, *A Study of War*, Chicago, 1942, Vol. I, p. 233. Per capita defense appropriations in 1880 in the United States were \$1.03; in 1900, \$2.53; in 1914, \$3.20. *Ibid.*, Vol. I, p. 671.

15. For excellent historical studies of the development of imperialist patterns in American history, see William Appleman Williams, *The Contours of American History*, Cleveland, 1961 (especially the section, "The Age of Corporation Capitalism: 1882- "); Walter La Feber, *The New Empire, An Interpretation of American Expansion, 1860-1898*, Ithaca, New York, 1963; and Thomas J. McCormick, *China Market, America's Quest for Informal Empire, 1893-1901*, Chicago, 1967.

16. Note that giant U.S. corporations learned early in the game the desirability of controlling their raw material supplies. Vertical integration, including control over the mining of their own raw materials, was characteristic of the giants in oil, fertilizer, steel, copper, paper, explosives, and other industries. See Alfred D. Chandler, *op. cit.*

17. When Lenin gives his explanation of the transformation from competition to monopoly, he notes: "Concentration has reached the point at which it is possible to make an approximate estimate of all sources of raw materials (for example, the iron ore deposits) of a country and even, as we shall see, of several countries, or of the whole world. Not only are such estimates made, but these sources are captured by gigantic monopolist combines." *Imperialism, The Highest Stage of Capitalism*, New York, 1939, p. 25. Later in the essay: "Finance capital is not only interested in the already known sources of raw materials; it is also interested in the potential sources of raw materials, because present-day technical development is extremely rapid, and because land which is useless today may be made fertile tomorrow if new methods are applied . . . and large amounts of capital are invested." *Ibid.*, p. 83.

18. Mira Wilkins and Frank Ernest Hill, *American Business Abroad, Ford on Six Continents*, Detroit, 1964, p. 1.

19. Matthew Simon and David E. Novack, "Some Dimensions of the

American Commercial Invasion of Europe, 1871-1914: An Introductory Essay," in *Journal of Economic History*, December, 1964, Table 2.

20. Note also: "The composition of manufactured exports has been changing ceaselessly since 1879 in a fairly consistent direction—away from products of animal or vegetable origin and toward those of mineral origin. Among those of mineral origin, the trend has been away from commodities closely tied to the production of raw materials, such as petroleum products, to metal products, including machinery and vehicles; and within the metal products group the shift has been to the more complex machinery and vehicles." Robert E. Lipsey, *Price and Quantity Trends in the Foreign Trade of the United States*, Princeton, 1963, pp. 59-60.

21. *Op. cit.*, p. 62.

22. It is customary to think of competition and monopoly as direct opposites. This is quite proper according to dictionary definitions. However, in Marxist literature, the terms competition and monopoly are used to designate different phases of capitalist society. In neither of these phases is there either pure competition or pure monopoly. Indeed, it is the very essence of the theory of imperialism to recognize that competition exists within the monopoly phase. Competition is between giants of the same industry (within and outside the nation) and between industries (steel vs. aluminum vs. plastics, for example).

23. Thus, all the iron material for India's railroads was imported from England. Even in the United States, which had a growing iron industry, iron rails were imported from England. South Wales iron masters took part of their payment for this iron in the form of bonds of the railroad companies.

24. *Korea, Determined Strides Forward*, The Chase Manhattan Bank, May, 1967, p. 3.

25. For a critique of the "surplus capital" abstraction and suggestions for more significant analysis of current developments, see Paul A. Baran and Paul M. Sweezy, "Notes on the Theory of Imperialism" in *Problems of Economic Dynamics and Planning, Essays in Honour of Michal Kalecki*, Oxford, 1966. Reprinted in MONTHLY REVIEW, March, 1966.

26. It is one of the significant ironies of these times that the wave of protectionism followed on the heels of the widespread adoption of the international gold standard. "The agrarian crisis and the Great Depression of 1873-86 had shaken confidence in economic self-healing. From now onward the typical institutions of market economy could usually be introduced only if accompanied by protectionist measures, all the more so because since the late 1870's and early 1880's nations were forming themselves into organized units which were apt to suffer grievously from the dislocations involved in any sudden adjustment to the needs of foreign trade or foreign exchanges. The supreme vehicle of the expansion of market economy, the gold standard, was thus usually accompanied by the simultaneous introduction of the typical protectionist policies of the age such as social legislation and customs tariffs." Karl Polanyi, *The Great Transformation*, Boston, 1957, p. 214.

27. For documentation and analysis see George W. F. Hallgarten, *Imperialismus Vor 1914*, Munich, 1963; and Herbert Feis, *Europe The World's Banker, 1870-1914*, New York, 1965.

28. On the question of uneven rate of development: "Thus, Great

Britain stood in much the same relation to most of the regions of Europe around 1850 that Europe and the United States bore to the Orient and South America a half century later." L. H. Jenks, *The Migration of British Capital to 1875*, New York, 1927, pp. 187-188.

29. Lenin, *op cit.*, p. 85. It is noteworthy that Lenin specifically rejects the definition advocated by Karl Kautsky which confines imperialism to the acquisition of raw materials supplying colonies; that is, the attempt by industrialized capitalist countries to control and annex agrarian regions. He debates this point in terms of the conditions existing prior to and during World War I: "The characteristic feature of imperialism is precisely that it strives to annex *not only* agricultural regions, but even highly industrialized regions (German appetite for Belgium; French appetite for Lorraine), because (1) the fact that the world is already divided up obliges those contemplating a *new* division to reach out for *any kind* of territory, and (2) because an essential feature of imperialism is the rivalry between a number of great powers in the striving for hegemony, i.e., for the conquest of territory, not so much directly for themselves as to weaken the adversary and undermine *his* hegemony. (Belgium is chiefly necessary to Germany as a base for operations against England; England needs Baghdad as a base for operations against Germany, etc.)" *Ibid.*, pp. 91-92.

30. We are referring here naturally to the main drift. France's attempt to break out of the close ties of the U.S. international system is one example of strain. Another example of potential strain is the program of important groups in West Germany to create a true political bloc in Europe which, on the one hand, can compete more effectively with the U.S. and, on the other hand, can be used to pull back some of Eastern European socialist countries (notably East Germany—but others as well) into their own imperialist "associations." These tensions are involved in the maneuvering with respect to the international gold exchange and dollar system, which will be discussed later in the article.

31. This and the preceding quotes are from Department of State *Bulletin*, May 10, 1965, p. 695.

32. *The Economist*, London, January 27, 1968.

33. For the background information on this, see Robert Engler, *The Politics of Oil*, New York, 1961; and Harvey O'Connor, *The Empire of Oil*, New York, 1955. The clearest demonstration of the role of politics is found in the acquisition by the United States of oil reserves in Iran after the CIA-directed overturn of Prime Minister Mossadegh. Before the nationalization by Mossadegh of the British-owned Anglo-Iranian Company, U.S. firms could not break through this British preserve. After the overturn, five U.S. firms—Standard of New Jersey, Socony, Standard of California, Texaco, and Gulf—obtained 40 percent of the oil interest previously held by Anglo-Iranian. For the details on this, see Chapter 8, "The Blending of Public and Private Abroad," in the above-mentioned book by Engler, and Chapter 31, "The Threat from Iran," in O'Connor's book.

34. Same as fn. 31, p. 700.

35. Hans H. Landsberg, *Natural Resources for U.S. Growth*, Baltimore, 1964, p. 206.

36. The Commission on Foreign Economic Policy, *Staff Papers Presented to the Commission*, Washington, D.C., February, 1954, p. 224.

37. International Development Advisory Board, *Partners in Progress*,

Washington, D.C., March, 1951, p. 46.

38. The President's Materials Policy Commission, *Resources for Freedom*, Washington, D.C., June, 1952, Vol. IV, *The Promise of Technology*, p. 11.

39. Address at the Gettysburgh College Convocation, April 4, 1959, in Public Papers of the Presidents of the United States, *Dwight D. Eisenhower 1959*, Washington, D.C., 1960, p. 314.

40. Rockefeller Brothers Fund, *Foreign Economic Policy for the Twentieth Century*, Garden City, New York, 1958, p. 11 for the first item, p. 16 for the second.

41. Subcommittee on Foreign Economic Policy of the Joint Economic Committee, Congress of the United States, 84th Congress, 2nd Session, *Hearings*, December 10, 12, and 13, 1956, pp. 127, 131.

42. Leo Model, "The Politics of Private Foreign Investment," in *Foreign Affairs*, July, 1967, pp. 640-641.

43. A frequently met explanation for the upsurge in U.S. investment in Europe is the special attraction of the European Economic Community (Common Market). This is contradicted in an analysis by Anthony Scaperlanda: "... the general assumption that the E.E.C.'s creation would cause a reallocation of international investment is not supported by the empirical data. Instead, the non-E.E.C. area has either maintained or increased its share of United States direct investment in Western Europe." "The E.E.C. and U.S. Foreign Investment: Some Empirical Evidence," in *The Economic Journal*, March, 1967, p. 26.

44. Christopher Layton, *Trans-Atlantic Investment*, Boulogne-sur-Seine, France, 1966, p. 18.

45. *Ibid.*, p. 18.

WHY STUDENTS REVOLT

... I have been driven to the conclusion that the university [Columbia] is really under the control of a small and active group of trustees who have no standing in the world of education, who are reactionary and visionless in politics, narrow and medieval in religion. Their conduct betrays a profound misconception of the true function of a university in the advancement of learning.

—Charles A. Beard, 1917

WHY STUDENTS REVOLT

The universities have become corporations for producing, transmitting, and marketing knowledge, and in doing so have lost their intellectual and marketing identity. At the time that they should have been creative centers for the development of strategies for peace, disarmament, and world unity, they were busy with Defense Department contracts. When the educational problems of the Negro were getting worse by the day, they were busy making admission requirements more and more favorable to the white middle class student from privileged environments.

It is no wonder that a new generation of students, trained by the mass media to detect events in the world of affairs and conscious of the visible flaws in their society and its educational system, has risen to challenge the aimlessness and the intellectual lethargy of the big university in America. . . .

The power of the social and intellectual force within the new generation of students has been greatly underestimated by educators and the public, who have tended to think of student activists and those concerned with civil rights and world affairs as a general nuisance, a motley group of radical dissidents, draft-dodgers, or young rebels who will soon get over it. On the contrary, what we have is a new and significant national asset. In fact, the core of the student protest movement is composed of a serious and informed body of young people who act out of a sense of personal commitment to each other and a sense of compassion for those who have been blocked from a place in society. They care very much for the quality of their own lives and are sensitive to the effects of their acts on the lives of others.

They are responsible critics of the society and its educational system, and the best of them have a political sophistication and social energy which is in advance of many of those appointed to educate them.

—*Harold Taylor, 1968*

The final discretion in the affairs of the seat of learning is intrusted to men who have proved their capacity for work that has nothing in common with the higher learning.

—*Thorstein Veblen, 1918*

Suppose I were to tell you that this educational machine has been stolen? That a bandit crew have got hold of it and have set it to work, not for your benefit, nor the benefit of your sons and daughters, but for ends very far from these? That our six hundred thousand young people are being taught, deliberately and of set purpose, not wisdom but folly, not justice but greed, not freedom but slavery, not love but hate?

—*Upton Sinclair, 1922*

WORLD EVENTS

By Scott Nearing

Social Changes in Albania

Hand in hand with the revolution in technology, science, and economic processes which is presently transforming life in Albania goes an equally impressive social revolution.* Subject to the pressures of this revolution, the present generation of Albanian youth is growing up under conditions which were practically unknown to the previous generation.

Since my wife was visiting Albania as a guest of the Women's Union, and since I had been cordially invited to accompany her, I may as well begin the listing of the social changes by commenting on the new status of Albanian women. As in all countries engaged in building socialism, the Constitution of Albania provides that women and men shall enjoy equal status in all aspects of life: economic, political social. This declaration of equality between the sexes was revolutionary in Albania.

After centuries of Turkish occupation, domination, and administration, the role of women in Albania had been firmly established. Women took no part in public affairs. They stayed at home where the orthodox among them were isolated, veiled, and assigned to menial duties as the domestic servants of men.

The recent change has been dramatic, with this centuries-old inferiority of women to men fast disappearing. Wherever we went—in city, town, village, or open countryside—we met women who were active and busy in public affairs. There were women in the professions: women engineers, doctors, educators, administrators. Women chairmen of collective farms, women factory managers, women trade union officials, women principals of schools and directors of health services met and welcomed us all over the country, eager to show us their new way of life.

Every city, town, and village in Albania has its Women's Committee. These committee members were our official hosts.

* See World Events in last month's MR.

We met them wherever we went—stalwart and distinctive women in their localities. The Union of Albanian Women is one of the outstanding factors in Albanian public life.

This aspect of the Albanian social revolution has taken form during the two decades from 1948 to 1968. It is still in progress. In some remote mountain communities it is still quite a novelty. Women subordinated and repressed through generations find it difficult though exciting to step to the center of the public stage, make a bow, and speak their lines. But we found them doing just that, and with ardor, assurance, and enthusiasm.

Educational reform is a second aspect of the Albanian social revolution. Before the 1939-1945 war Albania was culturally backward. In the countryside especially, it was largely illiterate. Schools were for the children of the rich and the important. For technical training most Albanians had to go abroad. Today Albania has a network of free public educational institutions from kindergarten to the university. For children of families that are distant from cities and schools, there are full scholarships providing tuition, food, and lodging.

Every enterprise takes on young people as apprentices, trains them in their specialties, and when they are properly qualified finds them positions in productive and useful occupations. As this pattern is developed, there will be few unskilled workers. Routine will be taken over by machines, planned, built, and operated by the new generation of craftsmen, technologists, engineers, administrators. The purpose of their education is to help each person find the place of greatest social usefulness and acquire the necessary skills, theoretically in the classroom, practically on the farm, in the shop, laboratory, and office.

Talents are recognized and encouraged in Albania in their special schools for music, arts, and crafts. Children who have pronounced interests are given the opportunity, in addition to their regular studies, to do extra work associated with their aptitudes, under the guidance of the most specialized and competent teachers available in the community. We attended such institutions and salute the bright-eyed students and their

dedicated teachers.

Albanians have a free public health service as part of their network of social security. They also have widespread recreation facilities, including sport fields, gymnasiums, holiday centers, theatres, concert and meeting halls. Amateur drama and choral groups put on creditable performances in many of the centers we visited.

Most of these social changes have been made since war's end in 1945. Most of them have been organized and directed by the Albanians themselves. Some of their skills were learned in Old Albania. Some were learned in foreign countries. There were foreign experts who came, taught, or advised. But most of Albania's professional and technical training has been given in the network of institutions that have been established since the country's independence was finalized twenty years ago.

Albania has had a disturbed, disorganized, rough history. The roughness has come partly from within, partly from outside Albania. The roughness inside has centered around conflicts between ambitious landowners and military leaders. The struggle of the feudal trinity—landlords, clerics, and military leaders—was against rebellious peasants on one side and against the city, business, and political elements on the other.

From outside Albania, for at least three thousand years, would-be conquerors from nearby Europe and farther east have invaded Albanian territory, robbing the inhabitants, seizing and holding their land, and exploiting those who would not or could not migrate. Thus, through the centuries, Albania has been conquered and occupied by Turks, Greeks, Italians, Germans. Turkish occupation was long and persistent. Greek, Italian, and German invasions and occupations were more transient, but equally disruptive.

Internal dissension split up the country and impoverished it; foreign invasion disorganized it. But in the end the struggle for independence unified it. Albania is now moving ahead in seven-league boots to share among its people the advantages and perquisites of the new age, and to call upon the youth in particular to understand and promote the welfare of the entire Albanian community.

Law and Order in the "Great" Society

New York City's police are regularly stationed at the entrance to parks and playgrounds, on subway trains, in schools, in housing projects. Despite police presence, New York City crime in 1968 continues far above the 1967 figures.

Front-page news in the *New York Times* of April 4, 1968, reports the beating of a 23-year-old junior high school teacher by a teenager in his classroom. During the attack a policeman on permanent duty at the school was patrolling the lobby and seven school aides recently hired for security purposes were watching school doors to prevent illegal intrusions. The teacher was hospitalized after the incident.

Another story on the same front page was headed "Doubling of Police in Housing Sought." The story began: "Fear of criminals has made residents of City Housing Authority projects virtual prisoners in their own apartments." A City Councilman declared at a public hearing: "People huddle in their homes like prisoners. They are scared to go out." About 500,000 persons live in Housing Authority apartments, which are presently guarded by 1,090 police. Proposals are under consideration to increase the housing policemen from 1,090 to 2,500.

Crimes committed on Housing Authority premises have skyrocketed. While city-wide crimes of violence in 1967 increased 20 percent, in housing projects they rose more than 50 percent. Robbery alone in New York City increased more than 50 percent. On Housing Authority premises it increased almost 90 percent. In the first ten weeks of 1968 the Housing police force has had 900 complaints of assault, robbery, and grand larceny. About 250 of these crimes have been committed against persons over sixty years of age.

The Federal Bureau of Investigation has as one of its activities the collection and publication of figures on crime in the United States. FBI figures show that law violation is increasing more rapidly than the United States population. The increase has been notable during the Vietnam war years.

Crime increase is associated only incidentally with the continuation of the undeclared war in Vietnam. Since organized destruction and wholesale murder associated with war are illegal

unless the war is declared, the initiation and prosecution of the Vietnam war is the Number One Crime of recent years. This fact is irrespective of the atrocious agencies which have been employed in the course of the war. In comparison with the wholesale criminality of the Vietnam adventure, retail robbery, arson, rape, and murder have become such characteristic features of the American scene that they are more or less taken for granted by the American authorities and the American people.

This is not a new feature of American life. Along the American frontier, in the absence of official law-enforcement authorities, the people often engaged in law-enforcing efforts carried out by self-appointed citizens who meted out a rough kind of justice to horse thieves, barn burners, and other offenders against the accepted patterns of frontier life. In these episodes of law enforcement the vigilante mob was judge, jury, and executioner. This brand of frontier justice has been the theme of many a Western movie, radio and television program.

It is difficult to estimate how far the cult of violence now spreading across the United States is the result of preparedness, military training and war, and how far it is the outcome of the propaganda drive to accustom the American people to violence as a necessary feature of public life in a warfare state. Two things are certain. First, children all over the United States are equipped with a superabundance of toy weapons. The second is the all-but-universal killing games, especially among children under ten years, who play at killing Indians, Commies, Congs, Chinese.

Such a social atmosphere is an excellent preparation for the draft boards, which line up teen-age boys and force them to undergo military training. It is an all-but-necessary part of the program to turn out, each year, an adequate quota of trained destroyers and killers.

In a warfare state like the United States, with about one and a half million armed men stationed abroad, a social background must be created and maintained which will justify and support the expenditure of roughly two thirds of the federal budget for military purposes while it supports the draft as a necessary "defense" and "security" measure.

Given this situation, two steps follow as the night follows day. One is the use of killing (assassination) as a political measure. The other is the military seizure of political power, and government carried on by self-appointed committees of generals and admirals using martial law as their means of administration.

President John F. Kennedy and Dr. Martin Luther King are two prominent examples of political murders. Latin American, Asian, and African military dictatorships are the rule rather than the exception in the countries declaring their independence since war's end in 1945.

Law and order, or equal justice under law, play an important role in the peacetime lives of stable cultures. Outlawry, brigandage, adventurist wars, and political murders are the hallmarks of social disintegration in a society that accepts, tolerates, cultivates, and practices violence as an instrument of association and accumulation.

Such a society cannot presume to call itself "Great." Unless it turns the corner in time, it is surely on the high road to self-destruction.

Students on the Warpath

More than six million young people are enrolled in American colleges and universities. Among approximately 1,400 senior colleges in the United States, 117 (each with more than 10,000 students) are mass-production enterprises which turn out a standardized product. Students are demanding a real education. They are also insisting on a voice and vote in making university policy. Columbia University students occupied and held buildings, closing the institution for a week. They were dislodged by a thousand New York City police. To age-old White Power and burgeoning Black Power, young people here and abroad are adding a demand for Student Power.

One must from time to time repeat what one believes in, proclaim what one agrees with and what one condemns.

—Goethe

IN MEMORY OF BILL BLAKE

BY WILLIAM ASH

"Though death befalls all men alike, it may be weightier than Mount Tai or lighter than a feather." The death of one who spent his life serving other people and spreading a knowledge of the liberating force of Marxism is "weightier than Mount Tai." Such is the death of Bill Blake to all who knew him, either personally or through his work.

Much of the work, of course, remains—his *Elements of Marxian Economic Theory and Its Critics*,* the numerous novels,** and the many articles expressing various aspects of his deep understanding of Marxism. It remains, too, in the quickening influence he has had on other writers and thinkers who will continue to contribute to the ever-broadening stream of sound Marxist scholarship.

But this is very inadequate compensation for the loss to his friends of direct contact with that lively mind and immense erudition, for the loss of the delightful privilege of hearing that brilliant conversationalist free-wheeling informatively and wittily over the enormous range of his interests. It does not begin to make up for the painful sense of being cut off from that lovable and selfless personality which made him so many and such devoted friends.

In the hospital, only a few days before the operation from which he never recovered, even though he had been very ill for a long time and was terribly wasted in body, Bill joked about having to take so much as a weak cup of tea spoonful by spoon-

William Ash is the author of MR Press book *Marxism and Moral Concepts*.

* Also published under the title *An American Looks at Karl Marx*.

** The novels, in chronological order with dates of first publication, are: *The World is Mine* (1938), *The Painter and the Lady* (1939), *The Copperheads* (1941), *The Angel* (1949), *Späte Liebe* (in German, 1957), *We Are the Makers of Dreams* (1959).

ful in order to keep it down. He was not really interested in talking about the state of his health. He discussed the financial crisis of British imperialism and the opportunity this presented for a genuine Marxist-Leninist party to provide revolutionary leadership for the British working class. He spoke of death, too, lightheartedly, as a matter of no concern to a convinced materialist. He was the same old chatty, humorous, perceptive Bill Blake right up to the last.

Unlike certain other experts in Marxian economics his interest was never merely academic. He was always a revolutionary. He understood Marxism as the science of changing society radically in order to end the inhumanity of every form of exploitation. He had opposed Browderism in the United States which he saw as a dereliction of revolutionary responsibility on the part of professing Marxists. He took a keen interest in the polemic between the Chinese Party and the Soviet leadership after Stalin's death and, on the basis of his understanding of Marxism-Leninism, was fully aware of the strength of the case made out under Mao Tse-tung's guidance against the betrayal of international socialism by Khrushchev and his successors. After coming to live in Britain, he was in touch with British Marxists who had the benefit of his wisdom and experience not only on questions of Marxist interpretation but also on practical political issues.

Like any revolutionary, Bill Blake was always very sympathetic with young people. One of the things which must have given him great pleasure was to hear that many young students of Marxism in the United States still found the book on Marxism he had written before the war the best introduction to an understanding of the contradictions of capitalism.

"Weightier than Mount Tai" is his death, but in cherishing his memory and recalling his contribution his friends at least share the burden—and it is the lighter because there are so many of them.

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(continued from inside front cover)

those which will enable him to identify problems which people feel are most in need of further study and clarification. Write to him in care of MR.

Both of us spoke to "liberation classes" at Columbia early in May, and MR donated 500 copies of Paul Baran's stirring manifesto "The Commitment of the Intellectual" for distribution among striking students and faculty members. The scene at Columbia was remarkably reminiscent of that in Rome where we spoke in March to a large audience in the student-occupied Faculty of Philosophy. An amusing aspect of that occasion was the way it was reported in the conservative Rome press. The two headlines we liked best were (in translation): TWO AGENTS OF CASTRO AT THE UNIVERSITY and TWO AMERICAN MARXISTS COME TO DIRECT THE REVOLT. What unintended (and undeserved) flattery!

This year's double summer issue of MR will be devoted to evaluations and critiques of the now-famous work of Régis Debray, *Revolution in the Revolution?*, which was first published in English as the July-August, 1967, issue of MR. The authors include Latin American revolutionaries and resistance fighters, people with special experience or knowledge of revolutionary warfare on other continents, and intellectuals from North America and Britain.

On May 7th the MR staff put on an office party to celebrate the 75th birthday of Sybil Huntington May who was one of the original incorporators of Monthly Review, Inc. and has been the director of Monthly Review Associates since that invaluable institution was formed, way back in 1951. In addition to these official positions, Sybil is one of our best proofreaders and an undisputed authority on English style and usage. Many of you who are Associates know from correspondence with her that in addition to being an authority on the language she is also a master of it. She is, we are glad to say, in excellent health and gives every indication of continuing to be a pillar of the MR establishment for many years to come.

We recently received a visit from a representative of the London-based "Manuscript Appeal Committee" who explained to us the effort which is being made to raise money on an international scale to support the anti-apartheid program and activities of the African National Congress of South Africa. Authors and artists are being asked to contribute part of the royalties from one or more of their works and/or manuscripts (or other original works) to be sold at a series of exhibitions which began in 1965 and are still continuing. Among the sponsors are such world-famous persons as Bertrand Russell, Jean-Paul Sartre, Allen Ginsberg, Conor Cruise O'Brien, and many others. Contributions or inquiries should be addressed to the Committee, 49 Rathbone Street, London W. 1, England.

Two of the most important causes facing the U.S. Left at the present time arise out of the attempts of federal and state authorities to remove from the political scene two of the country's leading black militants, Eldridge Cleaver of the San Francisco Bay area Black Panther Party, and H. Rap Brown who is national chairman of SNCC. Both are victims of what amount to legal frame-ups, and both face the threat of long prison sentences. They need every bit of support they can get. Send contributions or inquiries to: (1) The Eldridge Cleaver Defense Fund, c/o Peace and Freedom Party, 682 Sixth Avenue, New York City (or c/o Peace and Freedom Party, 2860 Telegraph Avenue, Berkeley); and (2) H. Rap Brown Defense Fund, c/o SNCC, 360 Nelson Street S.W., Atlanta, Georgia.

From the first reviews of three new books:

ADEN, ARABIE by Paul Nizan. "This book is the delayed American debut of a neglected 20th-century French writer . . . [with] an introduction by Jean-Paul Sartre almost half as long as the (short) book itself; the introduction and the text seem to combine into one work in a rare and remarkable way. The best compliment to the translator, Joan Pinkham, is that the book reads as if it had been written by two exceptional Frenchmen who could write exceptional English. . . . It is a work of revulsion, withdrawal, choice, and engagement. . . . A small hot flare that shows us a young man hurling himself against those same old brass-studded doors."—Stanley Kauffmann, *The New Republic*. **\$6.00 56/-**

THE ECONOMIC TRANSFORMATION OF CUBA by Edward Boorstein. ". . . a valuable and a disconcerting book. . . . The chapters on problems of running a vastly changing economy in the face of extreme resource scarcity, and the subsequent need for greater planning—thus a burgeoning bureaucracy—are useful and unique analyses of the difficulties of rapid transformation to a socialist economy."—*Library Journal*. "Stands in a class by itself . . . not only because it was written by an 'insider' . . . but because . . . it lays bare the nature of imperialism in all its concrete detail."—*Viet Report*. **\$7.95 74/-**

THE PILLAGE OF THE THIRD WORLD by Pierre Jalée. Translated from the French by Mary Klopfer. "Jalée uses the term 'Third World' with reservations, because he maintains that the underdeveloped nations form part of the capitalist world—its 'happy hunting ground.' Political independence has not stopped economic exploitation. . . . Jalée has painstakingly buttressed his thesis with United Nations statistics. . . . His documentation remains the chief merit of the book—it's a gold mine for students and specialists."—*The Kirkus Service*. **\$6.00 56/-**

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